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Methods of Turkish Intelligence Organization

93BA1130A Sofia 168 CHASA in Bulgarian 11 May 93
p 32

[Interview with Chavdar Petkov, former chief of counterintelligence, by Zoya Dimitrova; place and date not given: "Military Threat From Turkey Was Never an Issue; Chavdar Petkov, Former Chief of Counterintelligence, talks About the Methods of the Turkish Intelligence Organization and the Activities of its Counterpart, the Turkish Division of State Security"]

[Text] In 1971 I found myself in the Turkish division of State Security. I remained there until the end of 1989, when I was appointed deputy director of the National Agency for Protection of the Constitution. Traditionally there were Turks in the division. My teacher was a Turk. He was a colorful character; now he is retired. He taught me to think; he taught me that counterintelligence is an intellectual endeavor and its substance is analysis.

There was no military ambiance in the division, the essence of the work was closer to that of a research institute, rather than the military unit it actually was. This ambiance was created as a result of the actual nature of the work and of the fact that it was palpable and visible. I have never been able to understand intelligence work. If I had not had the chance to do that kind of work, maybe I would be thinking differently. For example, what is ideological sabotage and when you fight against it, what happens? I have given a great deal of thought to this question because it was a prerequisite for a great number of specialties. It was counterintelligence, but I could not see it. Do you understand? While we knew who and what was against you, we knew what was done and how it was done, you do the same regardless of whether you understand whether you have been successful or not. Oh well, this could not be understood entirely, but at least you have seen the result.

The Turkish division monitored the activities of the Turkish agencies, using diplomatic cover. It was evaluating their comprehensive strategy and tactics regarding their presence in Bulgaria, and their current interests. It also gathered intelligence. This was not done so much to discover Bulgarian citizens providing services to foreign intelligence bodies, as to understand thoroughly the activities of these agencies, their intentions, areas of interest for the year, several months, or longer. This included monitoring secret diplomacy. There is a great deal of difference between secret and open diplomacy.

I have always considered my Turkish counterparts as colleagues, not enemies. In general I used to think of my work as a game. What did they think of us? It depends on the level. I have had the opportunity to read some of their guidance instructions where we are portrayed as a serious obstacle to their work. Turkey is a very serious country. We should not be angry at them because they know what their interests are and how to defend them. Military threat from Turkey was never an issue. There was a period during which it was the doctrine of both

blocs. Each one expected invasion by the other, but we have not received any information regarding any real threat to Bulgaria or even thought of military threat.

There are many clues that point out a nondiplomat in a diplomatic bureau. We received advance information about some, even before they came to their post; others were discovered through monitoring. What are these clues? Their way of life; their contacts. They are people with ample contacts. Outside. Outside the embassy. People whose job puts them in contact with our citizens when they come to get visas, usually the consulates. These are people who talk to our citizens in a different way. They ask where the visitor is from, what the situation is in the region from which they come; they look for military information. We have sent our people especially to get in contact with an intelligence representative.

Their contacts were and are almost exclusively with Bulgarian Turks. Later on, at a later stage, they make other contacts on higher levels with Bulgarians. The resettlement agreement was in effect during the seventies. There was a resettlement bureau where large groups went as they do now. The people wanted to do something to deserve their settlement in Turkey or their getting a visa. They felt their future depended on Turkey and were disposed to do anything to cooperate.

Looking over all the information sought then, and even now, it is clear that espionage is not a term with a narrow meaning, that is, not just the collection and transfer of secrets. Our Turkish colleagues were working on questionnaires consisting of about 400 information topics. They collected not only raw data, but also analyses and evaluation on a given period, events, the opinion regarding, say, the highest party leadership, about internal relationships and friction, about future changes, raising prices, people's reaction, background, demographics, rumors, rumors....

The Turkish intelligence service is a serious system, built over the centuries, from the times of the empire until the present day. The comprehensive principle of collecting all kinds of facts that can be used to evaluate a given country is characteristic of it. This, of course, is the policy of the government. A special agency does not have independent interests, nor does it have an independent policy. It implements government policy. Until the middle of the eighties, about 28 Turkish departments were providing these services. Those are 28 government departments, whose normal duties included the collection of unprocessed information which was then systematized in detailed intelligence files by section and was sent to be processed by the intelligence services. This information by itself as text, as a quantity, was no state secret, but as it accumulated with time and as it was analyzed using intelligence methods, a clear picture on a given problem was obtained. It could be about the most minor problem; it could be about the Rezovska river, or it could be about a more vital issue: the level of loyalty

different strata of the Turkish population in our country feel for Turkey, who can influence them, how to influence them.

We reached these conclusions about MIT's [Turkish Intelligence Organization] work through constant monitoring, through infiltration, through establishing positions in these services, and through agents. Let's take military information, for example, which is on top of the list. They start to look for sources. We know, more or less where they will look for them. For example, new airplanes are being delivered. Sometimes they are in containers, they cannot be intercepted by technical means, a person has to see them. We try to find someone in advance, to put him in the place, where if they look for him they can find him, or we recommend him through a third person who already has a position. In many cases we have managed to place someone so that they find him and start asking him to do things, and that is how we learn what their interests are. It is more important for counterintelligence services to establish positions and to have advance information regarding interests or specific activities, than to fill the prisons with spies. We have filmed, taped, and documented meetings with Turkish intelligence agents, not only undercover in the embassy, but also passing through Bulgaria for a short time for one reason or another; we have documented places for dead drops, for wireless links. I think we worked adequately at the rate of these structures.

We recruited our collaborators from the Turkish population [in Bulgaria]. We worked with them as with foreigners. The difference between the collaborator who is [ethnic] Bulgarian and the collaborator who is an [ethnic] Turk is the sense of guilt which the Bulgarian Turk feels before Turkey. For him Turkey is his native land, because, thanks to Bulgaria's policy and thanks to Turkey's policy, Bulgarian Turks have always been treated as Turkish citizens here and when they go there, again they are treated as foreigners. They have no feeling of permanent belonging to Bulgaria and it is not their fault. This population has simply been used as a condition for good-neighborly relations: both by Bulgaria and by Turkey. This has been Turkey's eternal strategy: Turks may live outside its borders, but they should have the permanent feeling that they are part of one unified Turkish nation. This is accomplished through consistent policy, while ours has been exactly the opposite: inconsistent.

The generation of Turkish intelligence agents before the coup on 12 September 1980 spoke only Turkish. This targeted certain people and required us to work with Turks. I have also met with Turkish citizens and have spoken with them in Turkish.

Turks by nature like to be close with the government and to be close to the government. This is one factor for which he agrees to collaborate. A waiter or a manager is always vulnerable to, say, the Economic Police. He wants additional security. And there is something else, which with time becomes most important: it is the personal

relationship between him and the agent. In principle, very few of our collaborators feel they are working for the agency. The relationship becomes so close, so friendly, it becomes a matter of basic human help; a career is never an issue, and gradually only the personal relationship remains, and maybe the interest.

They were paid very rarely. We have had collaborators who have given all of themselves and simply had no other life.

In general, we worked cheap. We did not have the financial capability of the intelligence agency, but nevertheless, in some very serious cases we have had expenses amounting to as much as 30 to 40 thousand dollars. They were spent not to pay for information, but to provide a more prosperous life to whoever was being paid. If we were to buy the same information, it would have cost us millions of dollars. In this case he got something out of it, while you took something else, without him knowing how much and what it is you took.

For example, if the person is a courier, it is worthwhile for him to give us his pouch for a little while, and then continue on his way. He is carrying all kinds of mail addressed to, say, several embassies in Western Europe. He passes through here; the fog is thick; there is an unplanned delay. I would give him 10 thousand dollars, and that is a lot of money for him.

We have always suspected the possibility that our own diplomatic mail was also monitored the same way.

There were quite a few indications that similar operations were carried out with our representatives and bureaus. Here, however, it is a question of whether the signals are correct, whether the colleagues felt anything and whether they are sincere. Because they are vulnerable.

Many years ago there was the case with Osman Osmanov from Burgas. He was a Bulgarian citizen who had worked for many years in the Burgas consulate. He wanted to visit close relatives in Turkey very much; his wife's sisters lived in Turkey. We suspected that these sisters had contacts with the Turkish intelligence agency. They would come to Bulgaria and then provide information about him. For many years we refused to let him travel. We were afraid it would make problems for him. And this is what happened. He was able to get in with some big boss who took the risk and gave him permission to travel to Turkey. They arrested him on arrival. An investigation was started. When the Turks conduct an investigation, they use all the methods you read about in books. He confessed. A trial was started. One of the charges against him was that when he was left alone to guard the consulate he let us come in to search the desks. I am not saying this was true. In court he denied it. He stated that his confession was coerced. At the end of the first trial he was acquitted. In spite of the pressure on the court (the Turkish Intelligence Organization was convinced that his confession was genuine), the court decided that there is no evidence to find him guilty. The

proceedings went once, twice, three times, and the decision was upheld on all levels. It is true that the courts in Turkey are independent from the intelligence organization. Totally independent. At these proceedings all consuls, consul generals and staff who had worked at the consulate were questioned. Everyone was asked the same question: Have you ever left this man alone in charge of the consulate's security? Everyone said: No, we have never left him alone. They released him. He remained for a couple of days to get his luggage ready and come back. Outside the judicial system, however, the intelligence organization had authority and they put him in a camp, where he suffered a heart attack and died before he could come back.

Our job was to investigate activities, policy, strategy, and tactics, not only in the field of espionage, but also in the field of bilateral relations of the two countries. There are records about the history of bilateral relations, about permanent common interests, and about different interests which should not be left alone to rot in boxes.

Did we have our agents inside their agency, the Turkish Intelligence Organization? Yes. Those are complicated cases in the beginning: from selecting a person to making the decision to recruit him. There is a long period during which his loyalty is questioned. Security checks by the

MIT on Turkish territory are very difficult: They arrest him, blindfold him, make him lie down and drive him around in a car, take him to some kind of dungeons.... This is psychological coercion of the person to confess that he works for us.

How did we check the MIT agents we recruited? We got information from other collaborators of ours, usually Turkish citizens we felt had proven their loyalty, regarding our collaborators under suspicion on Turkish territory. For example, if for some meetings, he had spent more money in Turkey without explanation. We have also noted changes in the psychological condition in some. We found out one that had left a will in case he was detained by Bulgarian Intelligence, without any reason to expect us to do such thing.

We have also used lie detectors. There are not all that many ways for monitoring. We used the lie detector to train people before leaving.

Usually we met with our collaborators abroad. You felt the fear 100 to 200 meters before you reached the place for the meeting: fear that you are being watched. The same happens when you cross the border after the meeting.

Report on Krajina Assembly Session

93BA1136A Belgrade BORBA in Serbo-Croatian
7 Jun 93 p 7

[Article by S. Radulovic and M. Bunjac: "Republic of Serbian Krajina Assembly in Petrinja: Referendum on Unification With Serb Republic [of Bosnia-Herzegovina] Scheduled: Confidence in Leadership, No Confidence in UN Protection Force"]

[Text] *On 19 and 20 June the citizens of Krajina will declare in a referendum whether they are in favor of "the unification of the RSK [republic of Serbian Krajina] and the Serb republic [in Bosnia-Herzegovina] into a unified state, with the possibility of unification with other Serb states," as it was expressed at a session of the RSK Assembly held in Petrinja, which ended the night before last without any commitment by the deputies on the holding of elections or on confidence in the president of the RSK and the chairman of the Assembly, Goran Hadzic and Mile Paspalj.*

The Krajina Assembly will ratify the results of the referendum on 23 June at a session to be held in Knin, and since no one has questioned the outcome of the expression of popular will in Krajina, a joint session of the two parliaments has been scheduled for St. Vitus' Day [28 June] in Banja Luka. Given the fact that a referendum has been held in the Serb republic in which, besides expressing their opinion on the Vance-Owen plan, the citizens of the Serb republic expressed their support for a sovereign republic that can unite with other states, as well as the results of the recent talks in Bijeljina between republican and political representatives of the RSK and Serb republic, it was decided to declare the joint session in Banja Luka a constituent assembly for proclaiming a unified state and electing its president and government.

Although the debate on unification was the most serious and most constructive part of the session, differences of opinion were in evidence. Recalling the Prijedor Declaration of Unification and the conclusions of the recent joint assembly in Novi Grad, Mile Paspalj said that unification is the only salvation for the RSK, because otherwise "the RSK will cease to exist in two months."

Guests from the Serb republic, prime minister Vladimir Lukic and assembly vice chairman Milovan Milanovic, supported the initiative to schedule a referendum on unification, stressing the strengthening of joint defense and the establishment of other ties. Milanovic proposed that the question in the referendum in Krajina be similar to that in the Serb republic. However, the majority of the deputies, as well as Radoslav Brdjanin, a Serb republic Assembly deputy from Banja Luka, favored a more concrete and more operative approach. Milan Babic insisted that the term "sovereign" RSK be inserted into the referendum question, but it was explained that Krajina is sovereign under the Constitution. Brdjanin defined unification as "the creation of a nucleus of Serbdom west of the Drina, because unfortunately it no

longer exists east of the Drina." A solution was also found to the dilemma of delegates from the eastern part of Krajina, who requested a break for consultation before deciding on the referendum; through the intervention of Goran Hadzic, they decided to support the referendum. This part of the debate was concluded with acceptance of the proposal by Milan Babic that the RSK Assembly send a proposal to the joint assembly that Banja Luka be declared the capital of the future unified state.

The beginning of the session, the establishment of the agenda, and the continuation of work in the evening hours transformed the auditorium of the movie theater in Petrinja, where the meeting was being held, into an arena of mutual accusations, quarrels, and political and moral disqualifications which the majority of citizens of Krajina followed directly through their local radio stations. Sergej Veselinovic from Obrovac called for a vote of confidence in the government, accusing it of numerous failings in its work and criticizing the way in which it was formed, because it has no people from the so-called original SDS [Serbian Democratic Party], which he interpreted "as a purge of those who began the Serb revolution, and whose posts are occupied by Racan's former candidates in the elections." Citing a recent talk with three generals in the top brass of the FRY military, Veselinovic said that they told him that Krajina must seek a solution within Croatia in order to work toward restoration of the former Yugoslavia. "Former Prime Minister Zdravko Zecevic was toppled in order to achieve that," Veselinovic said. He asked that the deputies vote on confidence in Paspalj and Hadzic, and that a decision be reached on holding elections.

David Rastovic from Donji Lapac spoke up concerning the deletion of lines about the king from the anthem "God of Justice," which was sung by the Children's Choir, and because of the omission of the crown from the RSK coat of arms, and a break was ordered to return the crown and agree on the agenda.

After the break, the atmosphere came to a head with the remark by Rade Leskovac, the chairman of the Krajina radicals, who said that "the situation in Krajina is atrocious," that the rule-of-law state is not functioning, that elections are not being held, and he named Hadzic as the person most responsible for this situation, whom he also accused of involvement in various criminal activities.

The RSK president did not react to the charges, but Leskovac was taken to task by Vukasin Egic from Mirkovci, who said that Leskovac "has perfected his rhetoric, because he has not done anything else over the past two years." Minister of Education Milan Knezevic, whom Leskovac had criticized for failures in schooling, also attacked the leader of the Krajina radicals, calling him the "minister of tin cans." Bogic accused Leskovac of lying, saying that "all that is from the newspapers" and persuading and literally pushing one deputy behind the rostrum to defend Hadzic.

In the evening continuation of the session, no one knew what to discuss and in what order. The picture from the beginning of the session was repeated, but without any explanation the vote of confidence in Hadzic and Paspalj and on the vote on elections were omitted, although they were included on the agenda.

Milorad Dobrijevic, a deputy from Banija, attributed this development to Mile Paspalj's involvement in manipulating the Assembly, expressing his hope that the "Assembly will nevertheless thwart Paspalj." In addition, there was not a word about the beginning and the announced continuation of Krajina-Croatian negotiations.

Nevertheless, "no-confidence" was expressed in the Argentine UNPROFOR [UN Protection Force] battalion whose entry into Krajina territory as part of the UN peacekeeping forces was challenged because of incidents when the Argentines tried to prevent, with weapons, funeral services for victims in Jasenovac.

[Box, p 7]

RSK Without Minister of Defense

The RSK Assembly did not accept the government proposal that Brig. Gen. Mirko Bjelanovic be appointed minister of defense. Also unratified was the appointment of two vice prime ministers, Col. Stojan Spanovic and Branko Lubavac from Knin, although they have held those posts for nearly two months.

Paraga Defends Statements Made in Washington

93BA1107E Zagreb DANAS in Serbo-Croatian 4 Jun 93
pp 6-7

[Interview with Dobroslov Paraga, president of the Croatian Rights Party, by Z.L.; place and date not given: "I Am Neither an Agent nor a Dissident"]

[Text] [Z.L.] How do you interpret the fact that a consensus has been reached among political factors in Croatia to the effect that you did not pick either the right place or the right time to speak in the American Congress? Many of them even doubt the truthfulness of what you had to say.

[Paraga] If everyone thought alike and arrived at the same assessment, then in Croatia there would be no need to have as many parties as we have. I do not agree that the time and place were not right. That is because it is no longer a question of a trial of leaders of the HSP [Croatian Rights Party], but a question of a large-scale violation of human rights and political executions. Our party continues to be labeled fascist, and only in order to continue to destroy us and drive us into political isolation. We had to react to that full court press. All those who deny us that are hypocritical and worthless creatures in political life. Neither Budisa nor anyone in

Croatia is going to teach me what human rights are. I am a teacher of human rights in Croatia, on behalf of my Croatian people.

[Z.L.] In responding to the persecution, you have answered with a method that is actually the same.

[Paraga] I have responded to repression, murders, and persecution with the truth. I am here to raise my voice in the name of the HSP and the Croatian people, to protect the Croatian people and to save the Croatian state from the evil inflicted on it by this regime. The occasion for that statement of mine lies in the fact that this regime has prepared us to be scapegoats for the international war crimes court, but in contacts with people and the commission of Tadeusz Mazowiecki I have managed to get those charges removed.

[Z.L.] I have covered the work of your party countless times. Many times in making accusations you have not submitted the evidence, although you said that you had it. When are you going to submit that evidence to the Croatian people, because otherwise it remains nothing but a mere dream and a lie?

[Paraga] I have presented the evidence on several occasions, in our statements and references to documents. But those who should have responded have not reacted.

[Z.L.] Your position is that the media would not publish such dim evidence?

[Paraga] So far they have not done so. Nor has Olga Ramljak done so, and I prepared for her the evidence for which she asked. It is here in a folder, but she did not come as she promised either to the party or to our meeting on Tuesday.

[Z.L.] Good, and where have you delivered those documents?

[Paraga] To the most authoritative places.

[Z.L.] Are those the American Congress and Tadeusz Mazowiecki's Human Rights Commission?

[Paraga] Yes. An investigation will be conducted, and whoever does not cooperate with that investigation will be penalized.

[Z.L.] When you spoke about President Tudjman, you said that he was just as evil as Slobodan Milosevic. It seems that you were ready in advance to say what the Americans wanted to hear, and what a part of their influential public has been saying for a long time now.

[Paraga] Tudjman certainly did not start the war. But he failed the test when he went to divide up Bosnia and Herzegovina with Milosevic.

[Z.L.] You have said that you have pictures of those talks in Karadjordjevo. Would you turn them over to me to publish them?

[Paraga] Those rolls of film are in the right place, and I have not made them public. What is the right place? For me, neither the Croatian Government nor the Croatian media. The Croatian media are not free. To illustrate, while I was visiting in the United States, GLOBUS asked for an interview with me. I gave it, but when they published it it was 40-percent censored, and that happened after I authorized it. I no longer trust the Croatian media, because this is a dictatorial regime that is smothering the freedoms of the media.

[Z.L.] You said in the United States that "Tudjman's government has paid certain agencies" to slander you and your party. To what agencies and what people are you referring?

[Paraga] The Rude Fin Agency in Washington has itself made a statement about this. That agency has been spreading rumors through leaflets and over the Voice of America, and they have talked about us as fascists. The Croatian Embassy in Washington was behind that. And it is, after all, only a body of the Croatian Government. Should I, after the Croatian ambassador to the United States called me a fascist on 14 May, say: Yes, gentlemen, I am a fascist and cut off my head? After that are we going to keep quiet and not talk about the real character of this regime? This is a regime which lost the war, territory, and which has created two million poor people in Croatia and looted everything that could be looted.

[Z.L.] If you say that you are right and have proof, do you want to file charges?

[Paraga] We will be filing suit against the ambassador of the Republic of Croatia in the United States. But there is no need to make greater charges than that which the American congressmen have made against President Clinton.

[Z.L.] Following your statement in the United States, are you afraid that you will be isolated on the Croatian political scene?

[Paraga] The HSP is alone even today, because it is consistent, it tells the truth and stands up straight in front of the Croatian people. Look at the stadium in Split. What did Tudjman experience and who did the people shout in favor of? The Croatian people, just as in the period of the prison of the people, can speak freely only in stadiums. On Tuesday, they beat people who wanted to attend our trial. This is outright fascism, and Franjo Tudjman will answer for that, not Dobroslav Paraga.

[Z.L.] You often mention fascism. Enumerate several of the basic features of fascism.

[Paraga] I clearly indicated that in my speech in the United States. It is a question of excommunication of all political life, proclamation of a unified nation without an admixture of anything in the people that would differ from what the incumbent regime conceives to be the

people. If they are going to check [cekirati] my blood, tomorrow they will ask how much Serbian blood Ante Djapic has in his veins. That will not pass. After all, tomorrow they will be opening camps for Croats in Croatia. I already see this coming. We will not let Franjo Tudjman get away with it.

[Z.L.] How were your statements about the "fascist regime in Croatia" received in the United States, when at the entrance to the headquarters of your party there were until recently pictures of people and insignias symbolizing fascism?

[Paraga] There never was any kind of fascism displayed, not even in the way the Americans understand it, except under pressure from Serbian expansionist propaganda. We want to rid ourselves of the blemish that we, who love Croatia and have been defending it, are fascists, when the antifascists are those who have already destroyed the Croatian state once and who again are destroying and selling off Croatian territory.

[Z.L.] Would you agree with the criticism that you were destroying the Croatian state in Washington?

[Paraga] I would never agree with that. I have been helping it, affirming it, and strengthening it. Sanctions lie ahead for Croatia, and I made the last attempt to keep them from being applied. That is the letter of the congressmen to Clinton seeking complete freedom of the media and early elections.

[Z.L.] Some will tell you for that reason that you are an American agent.

[Paraga] Tudjman has already said that. Fine, I am an American agent, and he is a Serbian agent.

[Z.L.] If you had to choose between being called an agent or a dissident, what would you classify yourself as?

[Paraga] I am president of the HSP, I am neither an agent nor a dissident.

[Z.L.] In the entire "Paraga case" is there also animosity between Paraga and Tudjman?

[Paraga] There is no animosity at all. We were ready to talk, but he did not want to. Had he consented, this never would have happened, neither to him nor to us.

[Z.L.] Does the HSP as a whole stand behind your statement in the United States?

[Paraga] I spoke as vice chairman of the parliamentary Human Rights Committee. I also spoke as president of the HSP. There should be no speculation about whether the party stands behind me or not. Anyone who thinks that what I said was not true and who does not agree with it, then that is his opinion.

DA Party Furthers Regional Interests

93BA1107G Zagreb DANAS in Serbo-Croatian
4 Jun 93 pp 26-27

[Interview with Dr. Mira Ljubic-Lorger, president of Dalmatian Action, by Petar Grubisic; place and date not given: "Hostages to Zagreb and Knin"]

[Text] [Grubisic] Why was Dalmatian Action [DA] established?

[Ljubic-Lorger] Dalmatian Action is a people's movement, formed as a political party in order to establish a regional assembly. This is referred to as the primary task in our programmatic declaration. The establishment of Dalmatian Action was an expression of the awareness that under the circumstances of creation of the new Croatia, the creation of the state of Croatia, Dalmatia can express itself freely for the first time after many decades, and this is its authentic political and regional interest, its cultural and economic need. In short, our aim was for the Republic of Croatia not to repeat the mistake of the old state—to be centralistic, not to respect the interests of its separate parts—but to be better, that is, regional. There is no dilemma, nor has there been, about the state, but only a desire for that state of ours to be arranged democratically, with respect for regional historical entities within Croatia.

[Grubisic] The members of your party and you as well are said to be supporters of home rule and nostalgic for Yugoslavia.

[Ljubic-Lorger] Yes, we have been called those names and many others for that matter. The reason probably lies in the fact that it is thought that such names are the easiest way to deal with the regional parties, because then the public is mobilized around the assertion that the territorial integrity of Croatia is threatened. That is accordingly the most convenient, even though it is obvious and clear that there never have been such people or ideas in this party, except perhaps in an altogether marginal form and without any influence whatsoever on the program and policy of Dalmatian Action. The essential thing is to give the regional parties a bad name, because from the beginning they have offered an essentially different concept of arrangement of the state, which is not in the interest of centralistic authority.

[Grubisic] What is that concept?

[Ljubic-Lorger] That is a concept which, above all, honors European criteria: From the free market, respect for human rights, freedom of the media, all the way to what is most important to us as a regional party, and that is the regionalization of Croatia.

Our party was among the first to condemn the movement for autonomy as an attempt at self-enclosure in regional limits, as exclusiveness, as discrimination against certain regions by others, as constitutional privilege and separateness. Unfortunately, the problem of

privilege and separation, taking the example of the Zagreb region, has moved far along.

[Grubisic] How would you regionalize Croatia?

[Ljubic-Lorger] Croatia is the most naturally regionally divided country in Europe. It has Istria, Dalmatia, Slavonia, Medjmurje, Zagreb, the Rijeka-Goran region, the Croatian Zagorje.... There are entities which are well-rounded in terms of economics, culture, and history. They should be given the right to their own regional assembly. The regional assembly would be a place for reconciling regional interests, and then the region would take a single stand toward other regions and the central authority. The comparative advantages of every region would thereby be given maximum expression and would not be maximally restricted, as is now the case. At the same time, the greatest stability of the state itself would be guaranteed at the level of the joint state by decisions that have been coordinated by all the regions.

[Grubisic] Yet Croatia was decentralized by the division into zupanijas.

[Ljubic-Lorger] On the contrary, the division into zupanijas has intensified centralization still more. The zupanijas were not designed to be self-governed entities, but as offices of the central power. For all practical purposes, this made a hierarchy of the entire system of local administration and self-government. We can confidently say that dictatorship has been adopted in Croatia in this area, and it has the head of state at the top. Today, the zupanijas have no opportunities whatsoever to make any kind of significant economic or other decision. The cities and opcinas still less. Only Zagreb has been excluded, that is, exempted, from that system. The mayor of Zagreb can make decisions about economic development, but not the mayors of Split or Zadar. Those are the legal arrangements, but the practice is still worse.

[Grubisic] You make a good case for it, but the elections have shown that the HDZ [Croatian Democratic Union] program is more acceptable than yours even in Dalmatia.

[Ljubic-Lorger] What Dalmatia thinks about the HDZ program and its president was best seen at the recent soccer match between the so-called Croatia and Hajduk. With that kind of program, some people will end up being comfortable nowhere but on Jarun.

The balance of power is changing every day. In the recent elections, we were definitively confirmed as the third party, and that is true over all of Dalmatia. Our program is increasingly dominant in public life, new people are coming to us every day, we are establishing new committees, and we are broadening our activities. Even our people outside Croatia are showing us that they understand that it is their duty to help the party which is working for Dalmatia, not those who are working against it.

[Grubisic] It is said that those results would not have come about without the coalition with the IDS [Istrian Democratic Conference].

[Ljubic-Lorger] That was in the elections in August last year, when we became a parliamentary party through an intelligent strategy. But we entered the zupanija elections on our own and demonstrated how strong we are. In terms of the number of those who would vote for us, we are today equal with the HDZ, and in some places even stronger. That is why we take the position that even now we have an urgent need for new elections, because even today there is a big gap between the politics in the Croatian Assembly and the mood of the public.

[Grubisic] Judging by your results, there are fewer people in Dalmatia who favor regionalization of Croatia.

[Ljubic-Lorger] I would not underestimate the third political force in Dalmatia, which is what we were in the last election. To be sure, our case is not the same as Istria, but the situation here differs essentially from that in Istria. Istria nevertheless did not have a war, and we are at war, and war is a prepolitical time. It is clear that at such a time people think less about politics and more about survival.

[Grubisic] So, when the war ends, the movement for regionalization will become stronger in Dalmatia?

[Ljubic-Lorger] It will not only become stronger, but dominant in Dalmatia.

[Grubisic] Why?

[Ljubic-Lorger] I have already given you an answer: We see the rate at which our committees are growing in every town, in every village, the number of members and sympathizers is growing. Even now the inhabitants of certain towns are insulted if we have not been able to establish a committee in them.

[Grubisic] Your view on privatization is clear. You have expressed it in the Assembly. Are your sympathies on the side of the "conservatives" or "liberals" when it comes to the transformation? Who do you like in the Assembly?

[Ljubic-Lorger] I am not an emotional-type politician, but a very rational one. It makes no difference at all whether I like someone or not. I may find you very likable and yet we may not agree on politics at all. So that there is no point talking about liking or not liking. When it comes to privatization, Dalmatian Action has criticized this model of privatization most severely. It is our judgment that there has been unprecedented stealing and incredible embezzlement. This is the most flagrant form of primitive accumulation of capital.

[Grubisic] What do you hold against the party in power as far as Dalmatia is concerned?

[Ljubic-Lorger] Well, everything. There is not room for it in your interview.

[Grubisic] Fine, but in brief.

[Ljubic-Lorger] First of all, Dalmatia's development is frustrated. We here are barely surviving with the policy of the incumbent party. Great numbers of our people are leaving, we have no electricity, we are isolated as to transportation, I really cannot list it all.... It is clear to us that we are hostages here to the politics in Knin, but also hostages to the politics in Zagreb. If it wanted, the central power could do much to ease this situation of Dalmatia. Two months before the power reduction came, we were announcing that this would happen. Even then a solution should have been found.

[Grubisic] What solution would you have offered?

[Ljubic-Lorger] The party, as well as many people outside it, offered many solutions: from bringing ships and cables across Pag to numerous others. However, what was not functioning was implementation by the government, but that is a different problem. But what is most important in all of this is that we warned that the energy problem was not basically technical, but was above all political, and that is the problem of the policy toward Bosnia-Herzegovina, because Dalmatia depends in essence on power coming from Bosnia-Herzegovina. But today, and this is paradoxical, power is being exported from Dalmatia to Bosnia-Herzegovina.

[Grubisic] You said that the Dalmatians were even hostage to the Croatian policy toward Bosnia-Herzegovina.

[Ljubic-Lorger] Yes, because, you see, politics is a job in which the categories of justice and morality are not decisive. That is simply the way it is. Politics is a craft and has its own rules. For example, in Croatia's policy the most important thing was to have as many friends and allies as possible. The prevailing policy was not successful even in that. Really stupid things are being done. For example, if you allow or even work on changing the borders of an internationally recognized state, then you have no guarantee that your borders will not be changed tomorrow.

[Grubisic] You are a regionalist, but you oppose regionalization or provincialization of Bosnia-Herzegovina!

[Ljubic-Lorger] No, we are not against regionalization of Bosnia-Herzegovina, but that is not the same thing as provincialization. As regionalists, we are really against Bosnia-Herzegovina being centralistically arranged. The fight for the interests of the Croatian people in Bosnia-Herzegovina is important even to us here. But that can be done without waving flags, without creating a state within a state.

[Grubisic] Then the Herzegovinians should be sacrificed to the better life of the Dalmatians?

[Ljubic-Lorger] On the contrary, I think that the Herzegovinians are at this moment among the greatest victims of the policy of Mr. Boban and the policy from Zagreb. It is enough to listen to the daily reports from Herzegovina.

We, then, favor the fastest possible ending of the conflict between the Croats and Muslims in Bosnia-Herzegovina, along with respect for mutual interests. Only in this way is it possible to safeguard peace in Herzegovina and central Bosnia. Peace in Herzegovina would also stabilize the situation in Dalmatia, and it would go far toward resolving the situation with the so-called Krajina as well. If it is in the interest of the people in Herzegovina to live in Herzegovina, then that is also the interest of the people in Dalmatia. If that is not the case, then it is another matter, but the worst thing is that the prevailing policies in both regions are detrimental to the interests of the people. As far as we are concerned, we favor a policy which leaves Dalmatia to the Dalmatians and Herzegovina to the Herzegovinians.

[Grubisic] Has Dalmatian Action been subjected to a new blockade?

[Ljubic-Lorger] Yes, but slightly less, it is true, on Croatian TV than in the press.

[Grubisic] You say that the media are not free in Croatia?

[Ljubic-Lorger] It does not matter what any of us think when that is the reason the world is refusing financial aid.

[Grubisic] You have described what happened at SLOBODNA DALMACIJA as a smothering of the freedom of the media. You favored the Kulusic team?

[Ljubic-Lorger] We felt that there would be a change in editorial policy, and there was, and we said that the value of SLOBODNA would be understated so that the person the government favored would be able to buy it, which also happened. At the same time, it is a fact that many prestigious journalists are no longer writing on that paper. On moral grounds or because they have actually been prevented—it makes no difference to me at all.

[Grubisic] From certain reactions in Dalmatia, it seems that Belgrade is loved more now than Zagreb. Even "half" of Dalmatia has been sold to the Serbs for weekend cottages.

[Ljubic-Lorger] I know of no love for Belgrade on the part of Dalmatia. Belgrade in fact eliminated the right to any kind of regional development. Unfortunately, there have always been individuals or groups who preferred to work for anyone except for the interest of Dalmatia, guided in this solely by their own gain. The bitterness toward Zagreb, then, should be interpreted solely as an expression of disappointment with the policy being conducted toward Dalmatia today. Many people hoped that Dalmatia's aspirations would be freely realized in Croatia.

[Grubisic] There are upheavals taking place in all parties. Have there also been some in the DA?

[Ljubic-Lorger] It follows from the very definition of the DA as a popular movement that differing interests and needs are refracted through our party. We resolve all disputes and various issues democratically, through reconciliation. That is why we have never had spectacular fractures as have occurred in other parties.

* Church Official Discusses Church-State Concordat

93EP0283A Warsaw LAD in Polish No 22, 30 May 93
pp 1, 3, 6

[Interview with Bishop Tadeusz Pieronek, general secretary of the Polish Episcopate, by Jan M. Ruman; place and date not given: "We, Too, Must Become a Force"]

[Text] [Ruman] Bishop Pieronek, in behalf of myself and our newspaper, I congratulate you on assuming the function of general secretary of the Polish Episcopate, so important in the Polish church. Traditionally, that function dealt with the church-state sphere of contacts. Is the model of the execution of this function, developed in the postwar years, still current in the changed political situation?

[Pieronek] Indeed, the general-secretary function is still perceived as the role of negotiator in state-church relations. Historically the secretary conducted talks with authorities, strived to settle certain matters at issue, and coordinated what needed to be jointly regulated. But that role of episcopate secretary was dictated by past conditions. The secretariat primarily serves the Episcopate Conference, the chairman of the conference, and the conference as a whole. When I say "serves," I do so knowingly because, just as the entire conference fulfills a service role for the bishops, so its secretariat fulfills service tasks of a specific character. Naturally, because the secretariat is located centrally, has its offices and branches in Warsaw, and serves all of Poland, it is natural that contacts with the government continue to be its task. But I think that today we have to look at that somewhat differently, if only because the government is only one element of political authority in Poland. After all, the president and parliament also exercise that authority at present. That means that the actions of the secretary in the area of contacts with the authorities should be understood somewhat differently from before. The days have passed when there was one disposition center, perhaps not so much the government as, let us say openly, one party, with whom we talked with the help of different institutions that, in themselves, had nothing to say. Today the form of the talks has changed completely....

[Ruman] Church-state relations are to be regulated by a concordat. The work on preparing it appears to be coming to an end. How do you perceive the present status of those relations, and what new regulations will the concordat bring in?

[Pieronek] As we know from the communique, work on the concordat is indeed coming to an end. If the concordat is ratified by the Polish parliament and the Apostolic See, it will certainly introduce an element of stability. I once underscored the fact that the church, like every institution that conducts long-term activity, requires a certain stability of law, a stability of mutual references. The concordat will bring that stability in two areas. The first is the area the ordinary legislation of the

Republic regulates. If that legislation is affirmed in the concordat, it will increase the certainty of the church and the state that, in that area, no sudden changes of any kind will occur that would destabilize mutual relations. The second area regulated by the concordat pertains to interstate relations. The problems regulated in such a way include, for example, those pertaining to the nomination of bishops, church organizations, and diplomatic relations. It is true that all of this is functioning today, but it requires some guarantees, commitments on both sides, that it will be thus and not otherwise. Hence, the concordat will introduce greater clarity in future mutual relations. They are not bad today. But right now they are just beginning to form after so many years of instability and struggle with the church. I think that bringing clarity and permanence into regulations is very much needed at this time.

[Ruman] You emphasized changes that have an effect on both a change in the understanding of the office of the general secretary of the Episcopate and on church-state relations as a whole. We hope that the concordat will be another step in the direction of stability in mutual relations. In this new situation, which is not yet completely clear, what kind of elements do you see now that would allow us to look to the future with hope, that will allow us to believe that the church in our fatherland will be able to freely fulfill the mission for which it was appointed?

[Pieronek] The concordat, if we understand it to be the fruit of a state-church dialogue, is a guarantee for the future. It is needed not only by the church but also by society in order to quell disputes, which, in my opinion, are sham disputes ensuing from certain fears, sometimes fanned by politicians or the mass media, more or less responsibly. The concordat may have a peacemaking influence on society.

Another positive element: Please note that our society, which has suffered so much, heard so many different opinions, and been subjected to so much manipulation, always turns out to be a mature society. Mature despite all of the whirlwinds it has experienced recently. I think that what they are trying to convince you of is not true—that everything is collapsing in our country, that we are extreme individualists, unable to act jointly and come to an agreement. Yes, of course, the transformations that are now being made are very difficult. But certain achievements cannot be denied. There is the "Small Constitution," there is political agreement on very difficult problems sometimes. The moment when we shall ratify a constitution is drawing near. It may be said that that applies primarily to politics, the state's political system, but, after all, the stabilization now being worked on also inspires the hopes of the church. That is how I assess the legal, structural situation in the state, but there are also some transformations in the church itself. Very important changes. Of course, as is natural, they pertain to secondary issues. After all, we are not talking about changes in the principles of faith, Christian morality, or even church discipline. But we are

talking about all of the "packaging," all of the pastoral resources furnished to the church that would allow it to communicate with society, reach the contemporary man, be understood by him, accepted and perceived on the one hand as a sign of opposition to evil and, on the other, as a sign of Christian hope for salvation.

I believe that in these difficult times of great chaos in many areas of life and in the area of religious life also, slowly, in a very clear way, that dual role of the church is beginning to emerge—the sign of opposition (perhaps more evident) and the sign of hope, a reference point for individual and social human life. Certainly time is needed, but we already see that the church is thus perceived by many people.

[Ruman] But, after all, the church today is attacked extremely often....

[Pieronek] In the criticism of the church, I see what I recently called "a desire to join the sect of flagellants"—that is, a situation in which the believers scratch open their wounds, showing the deep pains of the church that perhaps will not appear on the outside. One can question why they do that, but one can also say that, because they do, there must be a reason. There is in this some kind of inner need to show weakness. And, if so, we have to say that that type of criticism cleanses the church—in a painful way because cleansing has to be costly. Sometimes that is criticism of specific people or institutions, and sometimes certain behaviors. Not always, and maybe even seldom, that criticism indicates clear ways of getting out of a difficult situation; more often it simply names what appears to be bad, what should be changed. But the person himself criticized—thanks to that criticism—has an opportunity to reflect on his behavior, on the way the institution he directs functions. I think that cleansing role is beginning to appear in the criticism of the church, particularly in the criticism of the people of the church and institutions. I assume, of course, that that criticism is made out of concern for the church.

[Ruman] But there is a certain problem pertaining to criticism expressed in the media. The church and the circles connected with the church do not own any important media. Yet the circles hostile to the church own many large-circulation newspapers.... Doesn't criticism from the position of those who are hostile cause the attacked to withdraw?

[Pieronek] Of course, it can cause such behavior, but that is the wrong reaction. We must realize that we can oppose that type of criticism only by showing our good more intensively. We cannot complain about criticism simply because it is strong and that we are not able to make a sufficiently strong reply because then we will enter into a dispute that will end in a fight. The Catholics must understand that they have an enormous task in the field of mass media. They must feel responsible for the church in that field. The faithful must accustom itself to reading the Catholic press, which should supply it texts that will arouse its interest. That is not simply a question

of money—television time can be bought, radio programs can be bought, but bad programs can be made for money, even big money, as we are witness to today. Money alone, therefore, is not enough. What is needed is spirit that will breathe life into those programs. The church is that community that shows the perspective of every human life, of resurrection, eternal life, the perspective of the internal development of man, and spiritual values. Because money dehumanizes us, we must create in ourselves an inner potential that will surpass the value of money. If our society, maintaining that it is Catholic, does not find in itself sufficient strength for this internal mobilization, the result will be tragedy. Therefore, we cannot complain that the one who is fighting us is stronger. Let us mobilize—let us, too, become a force.

[Ruman] But Bishop Pieronek, the mass media takes second place to the word spoken from the pulpit. How would you describe the model of a priest today, one who can reach the contemporary man?

[Pieronek] I do not fully agree that the pulpit is such a powerful source. It is very necessary, but it constitutes the final effect of what I would call the genuineness of Christian life. A priest who cannot convey from the pulpit what is inside him will give a bad sermon; he will not be an adequate witness. The pulpit is always the servant of the Word of God. The Word of God and the sacraments are the two constituent elements of the church, but they must be linked to the genuineness of pastoral life. A priest is a person. He came from among the people, and that is why he is burdened with all of the human weaknesses. But he is created for people in those matters that lead to God. Each of us priests must realize that, if we do not lead people to God, we will have no reason for being. Of course, we must also find effective means of leading to God. While approving all of the means that have been applied thus far, I would say that, in today's times, the priest must, above all, be very close to man, to his material matters, his concerns, his joys in order to share in them, but primarily to show the people from whom he came and for whom he has been created how to sublimate all of those matters, how, given his life today, he can look at his eschatological perspective. If that close contact is not there, if the Word of God is not proclaimed as if from on high, that is not enough. Today that sympathy is needed, the identification of the priest with the faithful. A deep solidarity, without which the division of the church into "we" and "they" will grow, is needed. There will be no understanding between us, and the effectiveness of the conveyance of the Word of God will be reduced because it will not apply to everyday human concerns.

[Ruman] In Poland, that dichotomy is perhaps not so clear because, in times past, the church was our only institution; therefore, we were a monolith in the face of a common danger. Today, that dichotomy is just beginning to awaken.... But, by the way, I wanted to ask you whether you see any new dangers and what kind for the church as it goes into the liberal society.

[Pieronek] The new danger is permissiveness, meaning that people would like to be good and agree to certain values, but, at the same time, they would like their lives to be much simpler, without prohibitions, without orders, pleasant lives that do not fit with the basic demands of the Gospel. That permissiveness—not only moral but also applying to certain truths in which we fully believe, the demands of life—is perhaps the greatest threat.

[Ruman] Bishop Pieronek, in earlier days you were the secretary of the Archdiocesan Synod, then the Krakow Metropolitan, and recently the secretary of the Plenary Synod. Can that experience in some measure be helpful to you in performing the tasks you are undertaking?

[Pieronek] Joking a little, one can say that I learned to hold pen in hand and write minutes because that is what the role of a secretary essentially is, but, naturally, my participation in those endeavors was not limited to that. I participated actively in setting up those synods. My experience in the Krakow Archdiocese turned out to be very helpful in my work on the Plenary Synod. The lasting benefit I derived especially from the Archdiocesan Synod was that I began to understand the need to translate the language of the council documents into the language of everyday life, the life of the church. That was a very important lesson for me. I understood that the priesthood consists of more than just listening to confessions and giving communion, that long-range work is needed to shape the ecclesial knowledge of the faithful. I understood the need to shape the awareness in such a way that the faithful would feel that it is the church and that it would know, as Catholics, how to participate in the world, how to react to everything that is connected with their daily lives. That is the greatest "Vatican Council Invention," offering a certain way of looking at the church, at the world, and at the problems that appeared to be insoluble.

[Ruman] One of those problems, one of the fields in which Catholics should define their position, is sociopolitical life. Can you make at least some general remarks on that subject?

[Pieronek] That is obviously a very broad subject, but the necessity of good doctrinal preparation for lay Catholics who become involved in political activities is worth underscoring. I get the impression that they often have a lot of goodwill, but, in certain situations, they reveal their unfamiliarity with the teachings of the church. Please note that certain struggles and squabbles are perceived externally as a sign of human smallness. That should be foreign to a statesman-politician, a Christian. It is not enough to be a Catholic in political life—one must rise to that level.

On the other hand, one must overcome the popular belief that politics is a sphere of life in which the Gospel has no place. We cannot agree with the view that the Gospel applies only to private life and politics applies to public life, in which compromises, including ethical

ones, are essential. Those two selected thoughts on that subject seem to me to be quite important.

[Ruman] Thank you, Bishop, and once more I congratulate you on assuming the function of general secretary of the Polish Episcopate.

* Critical Assessment of Economic, Social Issues

93EP0279A Warsaw TYGODNIK SOLIDARNOSC in Polish No 22, 28 May 93 p 1, 4

[Article by Jerzy Klosinski, based on a conversation with Ryszard Bugaj, leader of the Union of Labor: "Around a Sharp Turn"]

[Text] I am very critical of the policy of the government of Prime Minister Suchocka. It is a completely passive policy, with one exception—the harmful and desperate attempt to accelerate privatization.

In general, the government is conducting an extremely passive monetary policy. In 1993, the debate about the budget, except for the Confederation for an Independent Poland (KPN), consisted of the government's deciding to quickly reduce the deficit, from 7 percent in 1992 to 5 percent in 1993. The deficit could be reduced by 0.5 percent or 1 percent, but not so rapidly.

I also do not agree with the government's official statement that the second half of 1992 and 1993 is the crucial period, and, from then on, the economic situation will undoubtedly and systematically begin to improve.

The economic policy of the government has divided the economists into two camps: optimists and pessimists. The first group thinks that the formula of "slow, steady work" will provide slow economic growth over the course of several years. However, that script in no case will produce a doubling of the national income in 10 years, as Prime Minister Suchocka has said. The pessimists, among whom I number myself, say that sticking to that economic policy, which we have been implementing for four years, will lead us into a depression that lasts several years.

Lamentable Results

The one positive factor, which I have noticed today in the economy, is a slight increase in industrial production in the second half of 1992. On the other hand, there is a whole series of strikingly harmful factors.

1. The crisis of the state budget does not consist just of the deficit. The larger drama is the drastic reduction in budget income, on the order of 40 percent over the past four years. The current budget is so meager that it does not even meet elementary needs, much less support economic growth.

2. State enterprises are in an extremely difficult financial condition (the private ones are in still worse condition); the statistical net loss of all of the enterprises was 16 zlotys [Z] per Z1,000 sold in 1992.

The past four years have brought a huge broadening of the technological gaps in Poland; we are becoming increasingly less competitive. During that period, we have had no significant technological investment, except for small imports of technology for the food industry. We import little—mostly cars, office equipment, and store furnishings.

3. The prospect of 3 million unemployed at the end of the year is steadily rising. It seems to me that there is no way for Poland to finance unemployment on such a scale.

4. Due to demographics, the relation between the number people in the work force and those who live chiefly from retirement and pensions is becoming increasingly unfavorable. Because we will have more people who are not in the work force, there is no way in sight to sensibly finance retirements over the long haul without clearly stimulating the economy and creating appropriate resources in the budget.

5. The approach to servicing our foreign debt is beginning. We still do not know whether we had a deficit or a surplus in our foreign trade last year; as yet, we have paid nearly nothing on the foreign debt. Beginning service of the foreign debt on a significant scale will drastically worsen the situation of the state budget.

Steadily Downward

Many decisions of the Suchocka government are contributing to the worsening of that negative situation. For example, the law on the national investment funds is an unfortunate move for the state budget. One must remember that, although it applies to only 10 percent of the state enterprises, they are the best ones and have the largest turnover. Most probably it will cause a large number of investment certificates to appear on the secondary market (their price will fall, and a small group of people will purchase them for a song). Shortly afterwards, if the investment certificates of good enterprises can be bought for small change, the other privatization avenues, including the capital one, will cease to be attractive. Further, the costs of management will increase greatly. I will give an example. Minister Lewandowski sold 40 percent of the stock of Wedel to Pepsico on terms that gave Pepsico 75 percent of the votes. Further, the minister signed a separate agreement for Pepsico to manage Wedel. In other words, one firm is to manage another. Last year, Pepsico took Z120 billion from Wedel for management. The management costs in the case of the national investment funds can be similar. Management of those 600 enterprises could cost the Republic the astronomical sum of Z30 trillion over a year.

I also think that a model of management that does not guarantee close ties between the manager and the enterprise is ineffective, and it never occurs on a broad scale. In the Western world, the role of investment associations is limited to the operations of buying and selling stock, and they do not deal in the management of enterprises.

The government's wage policy for the administration and the employees of the banking and insurance sector is also amazing. There have been, for example, very large wage increase in banking when the banks are operating very badly.

One can multiply the examples. Analyzing the economic situation, one sees clearly that today we are going around a sharp turn because the trust that society gave on credit in 1989 to the government's policies that have been pursued for the past four years has been exhausted. Whoever attempts to continue them is risking derailing the whole train on which we are riding toward a market economy.

What Needs To Be Done Now?

The problem of change in the Polish economy is political, not intellectual, because what needs to be done is known. We must revise the budget quickly so that the effects of the move are measurable this year. The budget must be enriched by using a slight increase in the deficit and disciplining the incomes. The money must be taken where it is, chiefly in the private sector, which, for various reasons, is currently paying relatively very little. Perhaps such taxes as excises on luxury goods and beverages should be raised.

But most of all it is necessary to decisively strengthen the domestic market, to introduce a broader range of non-tariff barriers on imports, which are used all over the world.

The Flywheel

If the economy is to move off its dead spot, demand for domestic products must increase. The question of what will be the source of an increase in demand for domestic products arises. Certainly not exports because their profitability is declining; also not wages in the material sphere because there are plans for them to fall in real terms. If the current policy is not changed, the incomes of employees in the budget sphere and of retirees and pensioners will fall even more. We have withdrawn from overall subsidies to housing construction, which is now declining dramatically. Official predictions say that we are building in 1993 barely 50,000 to 70,000 apartments, that source of investment demand is flickering out. There is also no visible hope for production demand to grow. Thus, one must look at the budget deficit as an element of global demand. Stimulating demand with a moderate budget deficit when the economy finds itself in the initial phase of regaining life appears sensible and does not threaten to arouse high inflation.

We have large unused production capacity, unemployed labor, and some convertible currency reserves. Rising demand will permit an elastic production reaction by the enterprises without increasing unit costs. One must remember that the current drama of the enterprises includes a very high percentage of fixed costs in their unit costs. In spite of the fact that the assets of an enterprise are being used 50 percent, some services must

be kept at the 100-percent level, and dividends and taxes (on real estate) must be paid on all of the assets. And, if one increases production—for example, by 20 percent—the global costs can increase at a lower rate. We do not need to fear a moderately rising demand; given the strong competition of imports, the probability of price increases is slight.

An Industrial Policy

Most of all, we need a genuine industrial policy that will give preferences to certain areas (without administratively eliminating the weak) and carry out a selective debt reduction. In that way, some enterprises will gain increased opportunities to expand, while, in the collapsing ones, it will be necessary to ensure the workers' interests. An industrial policy must be controlled by various criteria: modernness, the qualifications of people, an evaluation of the ability to compete in international markets, and the costs associated with liquidation (for example, in mining). One must also make a map of the industries and regions in which production is to be accepted and, of those, where we want to aid development. Accounting at the enterprise level is not enough.

How To Privatize?

Recent studies by the World Bank show paradoxically that the state enterprises are defending themselves quite well in the market. Thus, we must give them the chance to restructure and then privatize them at a normal rate. The pact on the enterprise, which (with the best of intentions) J. Kuron is pushing, settles those problems in an absurd manner. I asked Minister Lewandowski what he will do when 6,000 enterprises marked for privatization in the course of these next six months elect capital privatization. What can the ministry offer them then?

Privatization should follow a normal rhythm: the capital path, liquidation. There should also be a law on workers' partnerships. But the best way to privatize the Polish economy is by parent body privatization, a rapid increase in the private sector, and its direct investments. When the business climate improves, private enterprises will be formed, and the ones that already exist will grow.

We must also have a law on public (state) enterprises that adapts them to the market.

As part of the reform of the budget sphere, an agency for state purchases should be formed so that the offices and state enterprises are equipped cheaply and mostly with domestic products. Here and in another system of financing budget expenditures are the main places to seek savings in the budget sphere.

An Alliance of Two *Nomenklaturas*

I would point out two basic reasons that are causing the illness of the Polish economy. The first is ideological, and I would call it the infantile disease of liberalism: an absolutization of thought in monetary categories, a lack of confrontation with other points of view about the economy, a lack of thinking in structural and institutional categories. The government, unfortunately, is void of any social sensitivity and imagination.

That is the orientation of the government specialists on economics who have been governing Poland for four years. One must add the pressure of our foreign partners, who look at Poland as if it were some African country. I see the second cause of the rigid economic policy in the formation of very powerful interests deriving from the old and new *nomenklaturas*, which are drawing profits from this course of Polish economic transformation. The economic policy cannot be changed without changing the relations of political forces.

Federal

Conflicts, Alliances Between Army, Politicians

93BA1115D Belgrade NIN in Serbo-Croatian
28 May 93 pp 20, 21

[Article by Slobodan Ikonik and Aleksandar Vasovic:
"Dangerous Ties"]

[Text] *For a full half century, Josip Broz was probably the only one more sacrosanct than the JNA [Yugoslav People's Army]. The orphan is paying dearly for this now: after the colossal debacle in "defending the country," the ethnically and morally decimated army personnel have been reduced to the dirty laundry of everyday politics.*

Vojislav Seselj's accusations against General Zivota Panic and businessman Goran Panic, the son of the chief of the VJ [Army of Yugoslavia] General Staff, confirmed the assumptions about a conflict over the army.

The story actually started when Slobodan Milosevic took what the uninformed considered a giant step and supported the Vance-Owen plan. In order for what was seen to happen in Bijeljina and Jahorina to happen, Milosevic had to prepare the ground and get rid of all those who could be a hindrance to him, especially within the army, in the General Staff.

The preparatory actions first included the retirement of Generals Boskovic and Domazetovic immediately after Bijeljina. It should be assumed that General Staff chief Panic knew that General Boskovic was "plotting" with Seselj. It is very possible that it was also with Panic's knowledge, since at one time he superficially relied on "extremist exponents of a national policy," at least until Milosevic's reversal.

When Milosevic (in spite of the existence of the Supreme Defense Council, but possibly also in cooperation with it) decided to make "the most significant concession to the world community to date," he probably informed the head of the army (not Pavle Bulatovic). A lot of time will pass before it is learned how Panic received this.

In any case, Panic accepted the idea of removing the "unsuitable people," but made a poor assessment of the strength of this pair's protector, air force commander General Bozidar Stevanovic. In fact, he is the same fellow who, vowing "the army's political neutrality," felt that the December elections had been "won by patriotic forces."

Sprajc-ing

For several months now there has been talk about a "quiet war" between two parts of the VJ—the "olive gray one" and the "blue one." Specifically, the "blues," or rather Stevanovic, intended to create something like a combined General Staff (similar to the one that exists in the U.S. Army), and thus fundamentally reduce the significance of the General Staff as a command post primarily reserved for "those in olive gray." If Zivota

Panic had given in, he would have found himself in the situation of being a coordinator and reconciling the positions of two frequently opposing branches of the VJ. In this story, one must exclude the navy, which, as a result of the reduction in the water area of the FRY, has been minimized to the extent that the issue of its survival as a branch of service is being raised.

In his political and nonpolitical statements, the air force commander goes further. He often outdoes the Socialists in supporting Milosevic. Thus, a few months ago, in speaking to retired officers at the Air Force Center in Zemun about the party situation in the FRY, he said:

"The vast majority of them (the parties) have patriotically oriented programs and are fighting honestly through our multiparty system. A few parties and influential party and nonparty individuals, helped and guided from outside, are acting on the basis of highly extremist positions. They consider the state and national interests of Serbia and Montenegro to be those created and formulated by the creators of the new world order."

It is unnecessary to say that this is a time when Milosevic most appreciates the "independent Seselj," and the latter is manufacturing traitors on all sides.

Now the above statements should be compared with a statement by the same Mika Sprajc (Stevanovic's nickname) in the daily press on 24 May, in which, after a long time he stated (virtually quoting Milosevic's statement in Batajnica) that it was essential for the army to be freed from scandals. Then he said:

"I do not have any intention of defending anyone in the army, and especially incompetence, moral and patriotic faltering, crime, corruption, and embezzlements...."

What a blow to Zivota Panic!

On the other hand, these words sound as if they were taken from Seselj's statement at a press conference on 13 May. In fact, Seselj accused Panic of the identical things. Even if he did want to be "impartial, strict, and fair," General Stevanovic, by prejudicing the findings of the state commission that has already been formed, did not mention determining the facts about the accusations.

How can one link Seselj, Panic, Milosevic, and Stevanovic? Realizing that waving a white flag irritates military radicals as much as a red flag does to a bull in an arena, Milosevic decided to purge the military leadership thoroughly. The attack against Panic is a convenient opportunity to deal with the real hindrance—Stevanovic, probably because the "blue one" is creating problems for Milosevic by threatening that if anyone took it into his head to bomb the Bosnian Serbs, he would "fly there and work wonders there." In that case neither the Danube nor the Sava would wash Milosevic, Cosic, and Bulatovic. The only thing that remains is for Panic to be removed, as too discredited, and Stevanovic would leave along with him. The dilemma is only

whether to proceed gradually or to use the favorite method of mass retirement from back in the JNA period.

Montenegrins

After their retirement, however, Boskovic and Domazetovic, the sacrificial lambs of the peacemaking policy, are apparently preparing a counterstrike. Both of them have refused for days to accept the retirement order and leave their offices. If one can believe Seselj, interesting documents are leaking from those offices, some of which are probably contracts between the Kentaur firm and the VJ quartermaster service. There are some more key facts for the leader of the Serbian Radicals. If that is true, Neco Boskovic is risking suffering the fate of Aleksandar Vasiljevic, the former head of the KOS [military counterintelligence service], and being accused of giving military secrets to a party leader.

Otherwise, the attack started after the assembly of all the assemblies and after the press conference on 13 May (what an irony—right on Security Day!), when the first accusations were made. VECERNJE NOVOSTI was already solidly fed with information, and the attack started. The VJ General Staff, like the JNA's, was surprised, and so it is reacting nervously, and it turns out that a "person born in the heart of Serbia" has the right to employ his son as a military supplier. At the same time, Seselj is condemning the retirement of Generals Boskovic and Domazetovic as "good patriots and real Serbian generals." In the meantime, Boskovic went to Montenegro to see his friend Branko Kostic, from where he responded to the General Staff's announcement.

The sentence about the "intelligence report" indicates that Seselj, at the moment that he lost the opportunity to learn about and possible trade in information between the SPS and the General Staff, decided on action and revenge, and chose suppliers for the best blow. That seriously hurt General Panic and caused an emotional reaction. In addition to a nervous rejection of the accusations against his son and daughter, which can be understood, Panic became entangled in a story about the heroic "liberation" of Vukovar.

Vojislav Seselj went further, and accused General Panic of "undermining defense," even demanding criminal prosecution of the chief of the General Staff. Allegedly, Seselj claims, former generals and admirals are not getting out of Panic's office, and are thus indirectly commanding the army.

General Panic, instead of "shortening the front line" and suing Seselj for slander and an insult to his honor, and instead of convening a press conference at which Zivota Panic, as a private citizen, would defend himself against the attacks, is hiding behind the General Staff. Instead of refuting the accusations of corruption, he is talking about Vukovar.

The attack against Panic can also be viewed as an attack against Cosic. Cosic and Panic are "Moravci" and compatriots. The rest can be read between the lines: the "Dinarci" are attacking the Serbs of Serbia proper again.

Pension

Depression has seized the General Staff and the ministry. Officials in the information service do not want to react, nor do the president's military staff and the ministry want to say anything about the work of the commission which, admittedly, has been left a very short deadline to determine the actual situation. Nevertheless, most of those familiar with relations in the army leadership think that the state commission will find Panic innocent of the accusations, without any explanation. Then we will probably witness a "new wave" of retirements.

If by some miracle the state commission offers evidence of Panic's innocence, however, a witch hunt could start against the Radicals' leader. In that case Seselj could become an "export product" for Bosnia. A more direct settling of scores with him is less likely. The Serbian regime is sufficiently in his debt. Admittedly, it may happen one day that Seselj, like his Croatian counterparts in terms of extremist positions, Paradzic and Kraljevic, may not stop his car at some checkpoint in the Serbian Republic. And that is possible....

General Panic is almost certainly leaving. It remains to be seen who he will take with him, and how many. It is more essential who will replace Panic and Stevanovic. The reserve of generals has been depleted by retirements for the time being to such an extent that it is difficult to presume who could be chief of the General Staff. To the best of our knowledge, a head of military security has not been found yet. Perhaps Aleksandar Vasiljevic, who is now wisely keeping silent, will be lucky enough to be reactivated. He is also not joining in the notorious lawsuit by the participants in "Opera."

Zivota Panic's successor could be Dragoljub Simonovic, for example. Although he is rather advanced in years (the same age as Panic and Stevanovic), through promotions and reassignment he can glean another year or so of active service. He will at least be an acting chief until someone younger and more useful to the current political concept is found. The ambitious Stevanovic, however, according to all the available and written facts, is closer to a pension than a promotion.

From all indications, the future chief of the General Staff should be a peacemaker and professional, who will not avoid Bosnia and Karadzic, as well as political parties in Serbia, as the devil avoids a cross.

[Box, p 21]

Who Is Who in the Army

Zivota Panic

Colonel-General Zivota Panic, born in 1933 in Gornja Crnisa near Trstenik. He graduated from the highest

schools in the JNA. A tank soldier. He performed many duties in armored-mechanized units, from tank commander all the way up to chief of the General Staff. Among other things, he was the commander of a battalion and regiment, chief of staff and commander of a brigade, division commander, chief of staff and commander of a corps, chief of staff of the army, and commander of a military district. After March 1992 he was acting chief of the General Staff of the SFRY Armed Forces, and after 9 May of the same year he was chief of the General Staff of the Armed Forces of Yugoslavia. He is a general who was once, because of his knowledge in the area of commanding armored-mechanized units, called a "Yugoslav Patton" by NATO Commander General Rogers, and a "Yugoslav Zhukov" by one Russian marshal.

Nedeljko Boskovic

Air Force Major General Nedeljko Boskovic was born in 1939 in the village of Orja Luka in the Danilovgrad municipality in Montenegro. He graduated from all the air force schools, and the air force and air defense command staff academy. Although he was a retired colonel, he was reactivated in May 1992, and during the replacement of "surplus" generals in accordance with a decree from the SFRY Presidency, signed by Branko Kostic, he received a special promotion to major general and was appointed chief of the Security Administration at the Federal Secretariat for National Defense. His participation in the "hunt for traitors and spies" during the past year was more than prominent. He can boast of the replacement of his predecessor, General Aleksandar Vasiljevic, and he also deserves credit for settling accounts with Security Service colleagues in the well-known "Opera" case. Five years ago he was chief of the security department in the air force division under General Bozidar Stevanovic.

Bozidar Stevanovic

Colonel-General Bozidar Stevanovic, alias Mika Sprajc, is the third person from Kragujevac at the head of the Yugoslav air force (after Dusan Simovic, a coup leader in 1941, and Stevan Rogvic, from 1979 to 1981). He began his piloting career in Skopje 40 years ago, and grew into a first-rate pilot who is extremely appreciated by the military elite in blue uniforms for that reason. He is the only one among the generals who can fly the most modern types of MiGs. Since his appointment as head of the air force at the end of February 1992, after Tus's desertion and Jurijevic's retirement, Stevanovic has often given reporters interviews unburdened by self-censorship. It could be learned from his mouth that the JNA could have defeated Slovenia and Croatia right away if it had not followed the "move-and-stop" system; that the JNA split along national lines; that it was an ideological state, and thus an ideological army; a confederate state, a confederate army....

Ljubomir Domazetovic

Lt. General Ljubomir Domazetovic was in the position of deputy chief of the General Staff for information and mobilization affairs and morale. An office type. Guidelines that represented the legalization of "ethnic cleansing" in the army came from his office. He held in his hands the scale for measuring working, moral, professional, and patriotic characteristics. He spent a long time as chief of the third administration of the former JNA's General Staff, responsible for organization, formation, war plans, and mobilization. With the outbreak of war, that position became almost the most important one in the army. Like the entire military team, the general did not cope very well, and so we witnessed examples of mass desertion and a poor response to mobilization. Although he is a military personnel officer by occupation, he spent a large part of his career as a general on the preparation and publication of the book "Pictures and Deeds of Famous Generals of the World Throughout the Centuries." He has probably hoped for the position of chief of the General Staff.

Dragoljub Simonovic

Colonel-General Dragoljub Simonovic was born 60 years ago in Glasovik near Prokuplje. He was commander of the Nis Army, and at the end of April 1993, he was appointed to the newly created position of deputy chief of the General Staff of the Army of Yugoslavia. He graduated from the highest military schools and performed the highest command duties. His support for the army's professionalization is well known; he emphasizes that it means personal commitment and greater expertise. He used to explain that the army was depoliticized, that it was not interfering in the state's troubles, and that it followed the orders of the Supreme Defense Council and the FRY President. He is restrained in his contacts with reporters, and with the public in general. There are no murky waters around him.

Macedonia

* Concern Over Possible U.S. Interference in Ethnic Problems

93BA1084B Skopje PULS in Macedonian
28 May 93 p 16

[Article by Saso Ordanoski: "'American-Style' Pigs' Knuckles"]

[Text] The best illustration of the tremendous concentration of historical events per capita in the past several years in this part of the world is revealed in the unexpected chorus of our local supporters of the idea of sending to Macedonia troops from "Marlboro country." Both those in power and the opposition immediately welcomed the suggestion and immediately our ambitions of becoming a member of NATO went up.

Who would have thought that this would happen in a country in which, only yesterday, Russophile pan-Slavic plans were among the most serious ideological platforms for cultural and political action?

But, as I said, so much sudden history within such a short time cannot be found even in the hushed basements of history institutes.

Even the lighthearted groups of writers in the coffee-shops, who are otherwise original creators of Balkan versions in the interpretation of the historical developments of all civilizations over the last thousand years, remain surprised. It has been a long time since I walked by Jole, but I would imagine that complete consternation has taken over the writers' club, caused by their lack of initiative in resolving the "fate of Macedonia!!!," and the fact that our "conscience of the nation" lost in competition with diplomacy. This was a low blow from which our valorous masters of the pen cannot recover, even with the help of the high caloric homemade Jole sausages and pigs' knuckles in sauce. (Who knows, perhaps one of them will suddenly decide to abandon politics and go back to writing novels?)

Still, although we cannot say that the atmosphere in Macedonia concerning U.S. military plans is euphoric, we should also point out some things about which, later, we should not feel angry.

It is clear that the United States looks at the Republic of Macedonia as a land that offers the widest space in which to maneuver, while promoting its political and military affairs: It is economically dependent, internally relatively unstable, militarily insignificant and, considering those who surround us, a perfect target for U.S. regional arrangements. The usual price that the United States should pay for such facilities is reduced by several hundred percent in Macedonia, compared (if, in general, a comparison is possible) to some other countries in the area (Bulgaria, Romania, and even Albania).

I would assume that (on our side) the possibility of accepting a U.S. military initiative in Macedonia against Serbia, without Macedonia being the target of a direct attack by our northern neighbor, should be excluded in advance. If this is not implied in that phase of the agreements with Macedonia (I would assume that such agreements are being discussed, are they not?), we would find ourselves in a real mess.

But if this is done properly, look at the following indicative excerpt from THE WASHINGTON POST written a few days ago: "U.S. diplomatic recognition and forthcoming U.S. economic aid are becoming an increasingly urgent need if we wish to neutralize Macedonian nationalists and if the Albanian minority in Macedonia is to be successfully integrated within the society."

To what extent will the United States interfere in Macedonian domestic policy?

The above quotation mentions international recognition and economic aid as means that would indirectly result in some entirely realistic political effects in our state (to me, personally, acceptable). However, would the military presence mean, later, a certain direct interference in our foreign policy in order to keep in power a certain type of government in the country?

How is this quotation from THE WASHINGTON POST ("neutralizing of Macedonian nationalists") interpreted by the VMRO-DPMNE [Internal Macedonian Revolutionary Organization-Democratic Party for Macedonian National Unity] which most vocally supports a U.S. presence in Macedonia? Or what about the PDP [Party for Democratic Prosperity], considering that this quotation (as many others) clearly indicates that the U.S. public considers Albanians in Macedonia nothing but a minority?

Questions, questions...

* DSK Official Ali Aliu Interviewed by Skopje Weekly

93BA1084A Skopje PULS in Macedonian
28 May 93 p 29

[Interview with Ali Aliu, member of the leadership of the DSK (Democratic Alliance of Kosovo), by M.T.; place and date not given: "Is There a Solution?"]

[Text] *There has been increasing publicity about Kosovo lately. The latest U.S.-Russian involvement with the former Yugoslavia and the military conflict in Bosnia includes Kosovo, which is one of the most critical political and military spots in the Balkans. "For the Democratic Alliance of Kosovo Churkin's visit is not a very significant diplomatic step," says Ali Aliu, member of the higher party leadership. Aliu is of Macedonian origin. He was born in Resen.*

[M.T.] Foreign news agencies believe on the basis of the latest events in Kosovo that the situation is tense. How does the Democratic Alliance of Kosovo assess the situation?

[Aliu] Yesterday's promoters of a latent military conflict in the south (Kosovo) are now facing an additional danger. The struggle for power in the top leadership of the Serbian forces involves the use of the most dangerous trump card—Kosovo. Seselj's terrorists are already launching their appeals. If this military leader can set a fire in Kosovo he would be able to take a step toward if not to reach the very peak of power in Serbia today. Seselj has long dreamed of an opportunity to see himself leading a military campaign for the "liberation" of "old Serbia" (Kosovo) and of "southern Serbia"—Macedonia. This would be a fire the victims of which will include this entire area. It would spread with unstoppable speed and brutality throughout the Balkans.

[M.T.] How do you interpret Churkin's trip to Kosovo and the involvement of Russian diplomacy?

[Aliu] I personally think that Churkin's trip to Kosovo and his meeting with representatives of the Democratic Alliance of Kosovo is not a significant diplomatic event. This "diplomatic" way of coordinating the "actions agreed upon in Washington," and the boldness, to the point of arrogance, of "recommendations," added to an obvious ignorance of the Kosovo situation and, finally, which is the main point, the obvious support of the Serbian option, disqualify Russian diplomacy as an objective umpire in the Balkans. It is impossible for Russian diplomacy to become an Albanian-Serb intermediary, similar to the "service" which Athens offered of mediating between Albanians and Serbs. The discussion with the Russian diplomats was like a chance meeting and was far from being an event of some consequence.

[M.T.] What is the limit of the restraint shown by the Albanians in Kosovo? What are the factors that could remove this restraint, and what are the risks of a military conflict in Kosovo?

[Aliu] The Democratic Alliance is continuing to observe the programmatic stipulations of Albanian independence through opposition and a political strategy that excludes violence. The final objectives are not conceived in terms of a spectacular action. This means that we accept the logical process of resolution. However, there is no retreat whatsoever from the natural aspiration of the people. There are trends both on the outside and within the Democratic Alliance itself that demand the strongest possible response to any Serb military occupation. No one can predict the way in which the Democratic Union will be able to resist in the future, or how to predict the type of rapidly and unpredictably changing political mosaic. No one knows the type and limits of future restraint.

[M.T.] Based on the present political situation and the development of events in former Yugoslavia, what is the view of the Democratic Alliance of Kosovo on the resolution of the Kosovo problem, and what possible options are there?

[Aliu] The Republic of Kosovo organized and held elections last year. A parliament and a president of the Republic were elected. We shall not retreat from this choice. However, in order to avoid a military conflict, we favor the possibility of international arbitration, with the use of an arbiter and the demilitarization of Kosovo. International observers would remain for a certain period of time until normal conditions have been established for holding another national plebiscite.

[M.T.] Views on unifying the Albanian factor in Albania, Kosovo, and Macedonia imply that all Albanians should inhabit a single country or Greater Albania. This clashes with the development of democratic processes in Europe and, taking the Serbs as an example, indicates the full tragedy of such a euphoria. Could all of this be harming the democratic resolution of the Albanian problem?

[Aliu] The trend toward ethnic unification is most natural for any nation. The opposite is either unnatural or false. Currently, however, the Albanians have not adopted, in general, the option that all Albanians should be gathered within a single state. The main aspiration of the some three million Albanians living within former Yugoslavia (or one-half of the total ethnic space of Albanians in the Balkans) is the political independence of Kosovo, equal status for the Albanians in Macedonia, a kind of cultural autonomy for Albanians in Serbia (Presevo, Bujanovac, Medvedje), and for Albanians in Montenegro. Finally, the very act of the recognition of Macedonia by Albania excludes the option of all Albanians living in a single state. The current Albanian diplomacy favors the strengthening of an independent Macedonia. Its desire to avoid a possible aggression against Macedonia is obvious and it firmly believes that this would be followed by specific steps leading to equality of the Albanians. What the Albanians, on this level of political maturity, will not allow is the imposition of inviolable borders. Imposed by force on the live ethnic fabric, such borders are frequently found in Macedonia as well. There are cases of not always correct attitudes toward Kosovo people traveling in transit. They are frequently mistreated and even unfairly fined and robbed by some security organs. We would like to believe that these are cases that will no longer be repeated.

[M.T.] Are you in touch with democratic factors in Serbia?

[Aliu] Some efforts have been made, but they have been unsuccessful. The democratic opposition in Serbia, when it comes to Kosovo, is not very different from the views of the authorities. Without a democratic approach to the problem of Kosovo the democratic opposition in Serbia cannot claim any credibility for acting as an intermediary in the current conflict.

[M.T.] From the viewpoint of Kosovo, the Albanians in Macedonia may have political parties in parliament and in the government, although there is still dissatisfaction with their situation.

[Aliu] It is obvious that the Albanians in Macedonia are dissatisfied. The reasons are obvious: They are not equal in ordinary life. The insistence of reducing them to an insignificant factor and an insignificant minority is both anachronistic and politically unproductive. In my view, this could become a lasting channel for dissatisfaction and disturbances.

Some party views in Macedonia seem to support such a relationship of latent conflict. By past inertia they view any demand for equal rights for Albanians as an act of hostility toward the Macedonians.

According to its own Constitution, a state of equal citizens, such as Macedonia claims to be, should meet all demands: In Macedonia Macedonians and Albanians could live together (as the main factor) with all of their

specific linguistic, spiritual, cultural, and historical features. Only thus could this small Macedonia exist for the good of everyone in it. This is, I believe, something that independent Macedonia is trying to achieve.

The Albanian presence in the parliament and in the government has been reduced to pure formality, and always outvoted. Unfortunately, this also mirrors our political immaturity with its predictable harmful consequences.

However, any past inequality cannot be eliminated overnight. The Albanian politicians must display wisdom, endurance, and understanding in order to achieve the gradual democratic improvement of the situation of the Albanians. However, we can quite clearly predict the damage that would be caused if such an avowed statement would remain only in words, without live specific steps leading to equality.

*** Demilitarization as Solution to Security Problem**

93BA1080A Skopje VECER in Macedonian 18 May 93 p 2

[Article by Z. Lozanovski: "Miserable Demilitarization!"]

[Text] One great graffiti reads that waging the struggle for peace is like innocents "making love!" It is as though all the participants in the recent meeting at the Youth Cultural Center expressed their lofty views and respect for the idea of the demilitarization of Macedonia but jointly agreed that Macedonia must have an army!

If such are indeed the thoughts of the lawyer Branko Josifovski, coauthor of the Demilitarization Manifesto (MAAK), what is left for Alekso Stamenkovski, undersecretary at the Ministry of Defense, or General Mitre Arsovski (retired)? Nothing different. In that sense, it is not enough for Josifovski to bring forth a great number of arguments against the building up of an army: from threatening basic human freedoms to the impoverishment of the state!

Therefore, Macedonia must have an army. The reason: everyone has an army and, above all, our neighbors. We know the type of people they are. On the other hand, this does not mean that in the case of aggression committed by any one of our neighbors (according to the presented data) we would defend ourselves. Every one of our neighbors is, in terms of weapons and manpower, at least 5 to 6 times stronger than we are. We are organizing an army to indicate to the aggressor that he too would lose something. This may be a decisive factor in the implementation of his intentions, according to Slobodan Dimiskovski, professor at the Philosophy Department, who also took part in the "Demilitarization: A Macedonian State Without an Army?" forum.

Marko Hren, our guest from Slovenia, chairman of the Movement for Peace and Nonviolence, noted that if

people (in a referendum) were asked to choose between army and "peaceniks", the people would vote heavily in favor of the army!

How and when would the demilitarization of Macedonia be possible? It would be possible only if this were to be done by our neighbors and if the big powers (the United Nations) would guarantee our security. If we wait for our neighbors, this means never. The great powers (the United Nations) "guarantee security" by sending their "helmets." No one knows any longer whose forces must be demilitarized first. The presence of foreign forces could easily attract the forces of the neighbors (Josifovski, Dimiskovski, Arsovski).

This is a miserable idea of demilitarization!

The arguments of the "huge minority" (one or two) of the debaters, who think that we have lost the historical possibility of becoming a demilitarized zone, considering that we have no longer any money and that raising an army indicates a greater threat (provocation) than security, and so on, did not come even close to the "defense" walls. Those who welcomed the idea of demilitarization, as Josifovski said, are now asking for membership in NATO!!!

*** Personnel Development of Armed Forces Contemplated**

93BA1080B Skopje VECER in Macedonian 22-23 May 93 p 3

[Article by General Lieutenant Colonel Tomislav Trajceviski: "'Report Without Analyses'!"]

[Text] The debate conducted so far on military schools is still justifiably of interest to the Macedonian public.

The drafting of instruction plans and programs is a most specialized and most difficult task. Any attempt to draw them up on the basis of unilateral conclusions affects their quality in an extremely negative way.

The main characteristic of the present cadre status is its lack of homogeneity and a structural disorder regarding age and years of service, importance of the service (in terms of arms and types), hierarchical coordination (lack of coordination between requirement and objective rank), education, and experience.

An undefined cadre policy does not make possible a planned cadre function still lacking defined work-professional and moral qualities and individual development prospects of each AVL [Active Military Personnel] based on the needs of the service. That is why the problem of an optimal, firmly adopted and clearly controlled cadre policy is the essential issue facing any army, including the ARM [Army of the Republic of Macedonia].

On the other hand, I would like to repeat the recently expressed views of Vice Admiral Bocinov in VECER. In answering the last question, he said among others: "We

shall analyze the cadres profoundly..." adding that "without a cadre analysis not all problems can be resolved."

How then could we submit reports about an academy without such analyses?! My views on the methodological-planning role are the following: Have conditions been created for opening a military academy for the purpose and need of training a military command cadre?

The second motivation is an article I read in the newspaper ODBRANA entitled "Promotion of the First Generation of Officers." This title merely increases my doubts about having entirely clear views: What is expected by opening a military academy and the training of future cadres. Actually, the subtitle in the second part of the article was the following: "Qualification for Basic Duties in the ARM," that best proves my point. It is obvious that there is no clear idea of the meaning of qualification for a given assignment or position. What qualifications must be met within a given period of time and in what sequence? On the basis of the differences in the concept and meaning of the training leading to an assignment or the assumption of a specific duty, it is unquestionable that the military academies must give priority to cadres capable of taking assignments, and that further training should secure the selective cadre promotions in terms of specific positions based on the practical experience of the trained personnel who have already led and commanded military units. The qualifications for specific positions are considered a structural part of assignment training, i.e., its further intensification.

Determining the correlation between training for an assignment and for a specific duty is neither easy nor simple. I believe that in our circumstances training for assignments is our most important and fundamental task but not the only one. After graduating from the military academy, the officer must possess the type of basic knowledge and developed qualities that will make his successful work from the beginning to the end of his professional life possible. An officer suitably trained for assignments should have the type of knowledge that will ensure his ability successfully to follow the development of military theory and science and be able to sum up the experience he will use in performing even the most difficult military duties.

*** Parliament Debates Capitalization of Bank**

93BA1050B Skopje NOVA MAKEDONIJA in
Macedonian 12 May 93 p 3

[Article by M.A. and K.C.: "Argument on Bank Capitalization"]

[Text] *Despite the request of some representatives that a bank could be capitalized with 1.5 million German marks, the amount has remained as the government wanted it to be—3 million marks.*

The debate on the draft law on banks and savings institutions concerned amendments. About 40 amendments were considered but most of them were rejected.

The first speaker in the debate on amendments was Tomislav Stojanovski, who called for amending Article 7, paragraph 4. He asked that the founding capital for a bank be reduced from three million to 1.5 German marks and for the capitalization of a branch of a foreign bank be reduced from one million to 800,000 marks. However, he failed to obtain the necessary vote. All the representatives (from the VMRO-DPMNE [Internal Macedonian Revolutionary Organization-Democratic Party for Macedonian National Unity] and the PDP-NDP [Party for Democratic Prosperity-National Democratic Party] coalition and some independents) who favored the amendment asked for a bank capitalization of 1.5 million marks. They supported this request by saying that a reduced amount would encourage the development of banking in Macedonia and would provide new job opportunities. At one point, the SDSM [Social Democratic Alliance of Macedonia] representatives were accused of "supporting the existing bank system and preventing the breaking up of the monopoly." The opposing side supported the view of the government and the Macedonian National Bank to the effect that the three million marks were required as a guarantee for all bank activities. In turn, this would increase the trust of the citizens.

The Assembly passed the amendment of Article 8, submitted by Tomislav Stojanovski, which limits the share of possible participation by an individual in the capitalization of a bank to no more than 10 percent. This was the reason for the government to ask for a recess and to submit a new amendment to Article 8, to be automatically incorporated in the text. Thus, the controversial article now stipulates that "in the founding of a bank, the participation of a single charter member may not exceed 20 percent of the bank's capital, in cash, with the right to holding an administrative position in the bank."

Not one of the amendments that were subsequently considered and could make essential changes in the text of the draft law obtained the required majority. A substantial part of the draft consisted of the amendment submitted by the Commission on Economic Policy and the expansion of Article 102 on replacing the words "capitalization deposits" with "capitalization deposits of bank shares," which, in essence, made this stipulation more precise.

Following the debate on the amendments, Finance Minister Dzevdet Hajredini accepted the amendment submitted by the Financing and Budgetary Commission. In his view, paragraph 15 stipulates a period of 60 days within which the NBM [National Bank of Macedonia] governor must respond to a demand for a permit for founding and operating a bank, for making statutory changes in a bank, and for opening and operating a branch of a foreign bank. Changing the percentage of participation of individuals in bank capitalization led to

changes in some other articles in which the figure of 10 percent was changed to 20 percent.

The law on the banks and savings institutions was passed by majority vote, with 61 representatives voting in favor.

The session was scheduled to continue today, starting at 10:00 hours, continuing the debate on other economic draft laws, credit relations with foreign countries, foreign currency operations, foreign trade, foreign investments, opening foreign currency accounts by citizens, the tasks and objectives of the 1993 monetary-credit policy, the policy governing foreign exchange, and a projection of the Republic's 1993 balance of payments.

*** Extent of Debt, Insolvency of Companies Viewed**

93BA1050D Skopje NOVA MAKEDONIJA in Macedonian 13 May 93 pp 1, 3

[Article by V. Cvetkovska: "A Debt in Excess of 46 Billion Denars"]

[Text] *One out of every three people employed in the Republic works for a company that faces the problem of insolvency. In three months debts tripled. The most indebted are the producers of ore and nonferrous metals, chemicals, textiles, leather shoes, and electrical machinery and appliances.*

The result of the heavy insolvency which is torturing the Republic's economy has been that Macedonian enterprises have become increasingly worse partners. This conclusion is backed by the fact that unpaid debts owed by some collectives are growing by huge amounts with every passing month because of lack of money, and that the enterprises are fulfilling their obligations to their business partners less and less frequently and with increasing difficulty.

According to the latest indicators of the Public Accounting Service in Macedonia, by the end of March, compared with the end of last business year, the indebtedness of companies in the Republic had tripled. Compared to the preceding month, February, sums owed had increased by 47 percent. The sum total of unpaid debts or amounts due, assessed by SOK [Public Accounting Service] reached 45.6 billion denars in March, or one-half of the amount of salaries for that month. What particularly worries financial experts who keep following the development of insolvency and the inability of economic and noneconomic organizations to make their payments is that the actual situation is different. It is believed that reciprocal indebtedness among Macedonian enterprises is much higher than the figure cited, for the companies are increasingly concealing their debts and delaying payments, thus avoiding the freezing of their transfer accounts.

The fact that by the end of December their indebtedness was 15.74 billion (unallocated denars), and is now 45.59 billion denars, illustrates the increased indebtedness of Macedonian enterprises.

Another reason for the worry caused by such indebtedness is the fact that in March the Republic enterprises reported a 27 percent increase in their bank accounts compared to the previous month, totaling 173.1 billion denars. Forty percent of the total was for economic activities, and 63.3 billion of this amount was in their transfer accounts. Contrary to this satisfactory fact, which indicates that the economy is essentially able to maintain a certain positive balance, after subtracting the amounts owed their "available cash" needed for having a positive balance was no more than some 17.9 billion denars.

This financial situation of the economy is felt most strongly by the 1,108 companies in the Republic, employing close to 63,000 people. In addition to companies that are perennially insolvent, temporary fund shortages are experienced by another 1,300 organizations employing more than 80,000 people. This means that one out of every three people employed in the Republic works for a company burdened by debts.

The highest share of unpaid debts, according to the SOK, is that of organizations engaged in the production of ores and nonferrous metals—9.2 percent; electric machinery and appliances—4.5 percent; chemicals—11.6 percent; woven and haberdashery goods—14.5 percent; finished textile goods—9.2 percent; and leather shoes and haberdashery—11.1 percent. These vital Republic economic sectors account for more than 60 percent of the total debts in the economy.

Unlike the situation in the past, when trade was one of the more successful economic sectors that was regularly paid and was able to meet its commitments, now this sector is among the worst debtors, owing 10.9 billion denars.

The steady insolvency of individual companies, which has lasted for quite some time, requires of the SOK, according to the law, to request their liquidation. In March alone, 180 liquidation notices were issued, or a total of 475 for the quarter. Since usually, in the case of some enterprises, insolvency lasts months on end, the SOK has to issue such liquidation notices repeatedly, and 10 or more such notices were issued to 20 companies.

A detailed study of the insolvency of economic organizations indicates that most liquidation notices have been issued to private enterprises. However, public organizations owe more than double the amount owed by private companies. This supports the claim that chronic insolvency has not avoided anyone in the Republic—public or private companies alike.

*** Status of Former Yugoslav Enterprises**

93BA1077C Skopje NOVA MAKEDONIJA in Macedonian 17 May 93 p 2

[Article by S. Kiridzievska: "Foreign Firms With Their Own Capital"]

[Text] *Most of the business units have been converted to DOO [limited liability companies], as a wholly owned enterprise with foreign capital from the parent firm; the Republic Development Fund has the task of mediating in the division of assets; fear of property theft is cooling relations.*

With the collapse of the joint Yugoslav market, enterprises from other republics that had their own business units in Macedonia were treated as foreign firms. Since there were more than a few of them, it became necessary to resolve their status, both with respect to business premises, for the goods currently located in them, and with respect to the employees who suddenly found themselves in a vacuum.

In order to solve this problem, in November 1991 the Macedonian government adopted a decision on converting the business units into enterprises and other institutions belonging to the former Yugoslav republics that still had headquarters in our republic. In accordance with this decision, the business units had to be converted into socially owned DOO and open transfer accounts at the appropriate SOK [Public Accounting Service] in Macedonia. Most of the business units of enterprises from the Republics of Slovenia, Croatia, Serbia, Bosnia-Herzegovina, and Montenegro, applying this decision, as well as the decree on the temporary ban on controlling real estate on the territory of Macedonia were legalized as DOO legal entities, by the decision of their employees. A new decree in February 1992 specified the means and procedure for coordinating the work of socially owned enterprises conducting economic activity and established as DOO. This provision left a deadline of 45 days for the enterprises to agree with their parent firms on whether they would be converted to foreign or joint firms. If the balance for the division of assets were agreed upon during this period, the social property would be transferred to the management and control of the Macedonian Republic Development Fund [FZR]. The Fund's task was to transfer the parent firm's share, under the condition that it would form enterprises in Macedonia in accordance with the law.

Role of the FZR

In the meantime, in June 1992 the Macedonian Constitutional Court canceled the decree, and since then the laws that were in effect have applied. The work on converting what were now several foreign firms took place until the adoption of the Law on the Method and Procedure for Coordinating the Operations of Enterprises and Other Legal Persons Headquartered Outside the Republic but Conducting Activity Within Macedonia. The law, which has been in effect since the end of January 1993, provided for a deadline of 30 days for the conversion, and then the Development Fund's role came into play.

According to the information available to the Macedonian Chamber of Commerce, most of the enterprises were converted as wholly owned enterprises according to

the Law on Foreign Investments. In that case, the entire capital that was previously controlled by the business unit is converted to an investment by the parent enterprise, and is actually the property of the foreign legal person. Some of them have also been formed as joint enterprises. This is a smaller number, with the parent firm's capital being 95 percent dominant, and the rights of the business unit's employees recognized. Since there are employees who have a long service record, the parent firms have granted them the right to participate in ownership of the property, and have made them co-owners of the new business entity that arose from the former business unit. It is estimated that the percentage is really insignificant, and ranges from 0.1 to 0.2 percent.

Forms for Two Sides

In terms of forms of organization, DOO are predominant, but there are also cases in which the parent firms organize them as AD [stock company]. As things stand now, before the passage of this law, at the beginning of this year 10 firms from Bosnia-Herzegovina, 53 from Slovenia, 66 from Croatia, and 104 from Serbia were converted to DOO. As we were told by Slobodan Sajnoski of the Republic Development Fund, since the passage of the law at the beginning of this year, some of those who did not reach an agreement during this period have informed the Fund that negotiations are under way on their conversion, so it should not take over what is in accordance with its jurisdiction. It now has the assets of 16 firms from the former Yugoslav republics that reached an agreement. Those that were converted according to the first decree are operating normally, among some of them negotiations are still going on, but there are also firms that have not notified the Fund of the court decision, so it will commence assuming its obligations according to the law.

It is obvious that foreign firms are quite interested in working in our republic. After the initial reactions, things are getting on the right track more easily, especially since there were real problems after the adoption of the first decree, since during those troubled times workers usurped the property, and that cooled relations with the parent firm. It is thus not infrequent that even after the conversion is carried out, the parent firm tries every means possible to remove some of the workers or even to harass them so that they quit on their own, in cases where some of the employees of the former business units registered private enterprises by embezzling from the parent firm. In any case, things are calmer now, since people are mostly operating according to the law, and common interests have led to finding suitable forms of conversion that have suited both sides.

*** Jugohrom Calculates Losses From UN Sanctions**

93BA1050C Skopje VECER in Macedonian 13 May 93
p 14

[Article by G. Eftoski: "The Road Leads to Milan"]

[Text] Jegunovce, May. Ever since the enactment of UN Security Council Resolution 820, real mobilization was introduced at the Jugohrom HEK [Chemical Power Combine] in Jegunovce, the more so since not long ago this combine used in the production of ferroalloys between 320 and 350 tons of lignite daily, mined at the Kolubara Basin. It used not only lignite but also other raw materials and hauled its finished products through Serbia. Now this situation is changing and the people of Jugohrom are trying to find suitable solutions.

Replacing lignite with brown coal substantially increases production costs. On the other hand, costs have already risen, caused by transportation expenditures, for circuitous roads must be used. On top of everything else, ferroalloy prices on the world market are currently very low.

In addition to ferroalloys, the other production capacities of Jugohrom are being hit hard as well. This applies above all to medical plastic items that, so far, had not been embargoed, along with various chemicals, and the operation of the Radusa Mine.

Nonetheless, Jugohrom is not idle. Possible solutions are being sought, particularly since most of its output is for export. In that sense, particularly encouraging is the news of an agreement reached with Siderfin in Milan, through which Jugohrom will market 10,000 tons of ferroalloys worth \$7 million. Jugohrom owns stock in that company. Furthermore, relations have been established with certain companies in the United States where 5,000 to 6,000 tons of ferroalloys will be sold. The first shipment of 1,300 tons was ordered last March.

*** Currency Exchange System, Threat From Black Market**

93BA1077A Skopje VECER in Macedonian 19 May 93
p 3

[Article by V. M. Bozinovska: "Start Without Sales"]

[Text] Even though the foreign exchange market is open within the framework of the business banks, sales of foreign exchange are not yet taking place; the enterprises participating in the market, and partly bankers as well, are still waiting for the necessary legal acts, decrees, and decisions to be published; exchange transactions are only taking place within the framework of the business banks, and cash foreign funds are only being bought, but are not being sold to citizens.

Officially, the first foreign exchange market in Macedonia has started working. This is only a formal start, however, or, in other words, "only on paper," since there has been virtually no implementation in practice.

Actually, in spite of the fact that the business banks authorized to deal with foreign countries received all the necessary instructions for the market's operation, and they are already prepared for work, supply and demand, there is still no foreign exchange. The reason for the

delay in starting the exchange's operation is that primarily economic entities, and partly bankers as well, are waiting for all the necessary legal acts, decrees, and decisions according to which transactions on the exchange and also in the exchange market will take place to become legally valid.

Supply and Demand

Specifically, they are waiting for the publication in SLUZBENIOT VESNIK of, among other things, the law on foreign exchange operations, the conditions and methods of the operation of the foreign exchange market, the method and conditions for the sale of cash foreign money to domestic physical persons, the law on foreign trade operations...which, as we were informed at the NBM [National Bank of Macedonia], are expected to be published as early as today. Consequently, Ljubljanska Banka, Makedonska Banka AD [Stock Company], and the Skopje foreign exchange market have not yet started work, since, as the bank's general director, Zoran Trpevski, said, there are still several things unclear that should first be clarified, such as the issue of whether the denar equivalent value according to the contract by which two enterprises will agree on a foreign exchange transaction will go through the bank, or directly through the negotiators?!. As he said, the issue of the limit or amount of cash foreign funds that citizens will be able to buy at exchange offices also remains unclear.

In contrast to Ljubljanska Banka, the other business banks within whose framework the foreign exchange market is operating (Komercijalna Banka, Invest, Stopanska Banka, and the Foreign Trade Bank) have carried out all the necessary preparations, and they are only waiting for the participants to appear. Specifically, as we were told at Komercijalna Banka, the exchange is open (in a separate room in the old part of the bank), but no one has appeared yet for either supply or demand. The situation is identical at Stopanska Banka and at the Foreign Trade Bank, while at Invest-Banka, as we were informed, Josif Eftimovski, the bank's general director, there are many people particularly interested in buying foreign exchange, but those offering it are rare, or, more precisely, only one enterprise announced an offer of foreign exchange in the amount of about 35,000 German marks.

With respect to the exchange rate at which transactions take place in the foreign exchange market, the bankers say that it is within the framework of the average exchange rate that they obtain daily from the NBM. On the basis of this exchange rate, the participants in the deals agree by themselves on the level of the exchange rate at which the transaction will be carried out. Otherwise, the exchange rate list from the NBM is received by the business banks every day at 3 PM, and it is used the next day. Offers in the market are received until 9:00, and by 1 PM the transaction agreements are concluded and the NBM is notified.

Only Purchase of Foreign Exchange

With respect to the exchange market, however, with special authorization from the NBM it is continuing to work only within the framework of the business banks, while as of 14 May the other exchangers lose the right to conduct exchange transactions, and will have to request special permits from the NBM, i.e., the governor, to continue working. Through 31 May the exchanger are working according to the old pattern within the framework of the business banks, which means that foreign cash funds are only bought, but are not being sold to citizens. The business banks which conduct exchange transactions for the NBM (Komercijalna Banka and the Foreign Trade Bank) use the exchange rate that they receive from this bank, while the banks that make purchases on their own account, such as Stopanska Banka and Invest Banka, form their own exchange rate list every day, which is within the range of the NBM's exchange rate list. Just for illustration, yesterday at the exchange offices of Stopanska Banka the purchase exchange rate was 1,352.68 denars for 100 German marks, and the sale exchange rate was 1,376.00 denars, while the average NBM exchange rate was 1,375.00 marks.

In any case, by the end of the month the business banks have to send new requests to the NBM to conduct exchange transactions according to the new Law on Foreign Exchange Operations, after which it is expected that the exchange offices will not only buy, but also sell cash foreign funds. A permit to conduct this activity also has to be requested by enterprises and private exchangers, for which they will also have to meet certain conditions prescribed by the law. According to the government's latest decision, authorized exchangers can sell cash foreign money to citizens at most up to an amount equal to 50 percent of the cash foreign money bought on the previous day. With respect to the limit for buying cash foreign money at the exchange offices, according to NBM Vice Governor Tomislav Jagurinovski, it has not been determined, which means that citizens will be able to buy an unlimited amount of cash foreign money to satisfy their needs. Now the only thing that remains is for sales to function, and that, of course, is what the citizens are impatiently waiting for, but not the dealers, since during the past two days since the introduction of a fluctuating exchange rate for the denar, interest in selling foreign money at exchange offices (within the framework of the banks) has already increased, and this affects the black market for foreign exchange.

[Box, p 3]

Only the Purchase Exchange Rate Has Increased

Even on the second day after the government's decision on the variability of the denar's exchange rate in relation to foreign currencies, several unclear points that appeared among dealers remained in the Skopje black market. Thus, even yesterday the Skopje dealers kept the

sale exchange rate of the German mark at 14,000 denars, but then in the purchase of this currency a jump of 0.30 denars was noted.

The purchase exchange rate of the dollar and the Swiss franc likewise increased, while the sale exchange rates of these two currencies was at the same level as Monday's. The number of foreign exchange dealers was also reduced yesterday, and at certain intervals during the day no foreign exchange was sold at all, but only bought.

[Box, p 3]

Four Requests

According to a statement by Tomislav Jagurinovski, vice governor of the NBM, there really is a great deal of interest in obtaining a permit to conduct exchange transactions, both among private exchangers and among enterprises and banks. As of yesterday, however, only four requests were sent from persons for the establishment of an exchange office.

* Natural Gas Pipeline Funding Problems

93BA1050F Skopje VECER in Macedonian
5 May 93 p 9

[Article by S. Padori: "Natural Gas 'Does Not Burn' Without Money!"]

[Text] *Because of delays in the founding of the joint enterprise by Makpetrol and Gaseksport, financing and construction are being questioned. If no ways are found to meet expenditures amounting to \$300,000 per kilometer of gas pipeline, it could easily happen that the laying will stop and the workers will pack up their machinery. The solution would be to finance the project by stages. This year, this would require about \$15 billion. The state should participate in meeting these expenditures.*

Although work along the track of the main gas pipeline has been developing normally of late, with proper technological facilities, the question of the day is: Will it be necessary to stop because of financial problems the implementation of this project that must secure the energy future of the Republic? More specifically, because of the increased intensity of the work there has been a greater need for fresh money. However, since Makpetrol is unable to provide such funds, it could very easily happen for the project to grind to a halt entirely. The Russian partners who brought the mechanized facilities in the past few months may decide to pull out and deprive Macedonia of the "Gama 800" project!

Let us only remember that the first phase of the gasification system of the Republic, according to estimates, would cost about \$60 million. About \$16 million is a loan from Gaseksport, which will be one of the partners of the Makpetrol Gasification Office in the establishment of the joint enterprise. Makpetrol will participate with about \$10 million. The balance must be secured on

the basis of shares sold to those interested, whether domestically or to foreign investors.

Delayed Association

According to Mihajlo Kostovski, director of the Skopje Makpetrol Corporation Gasification Office, the main problem today, considered a real threat to the implementation of the "Gama 800" project, is financing. Discussions with Gaseksport on the founding of a joint company, unfortunately, are not developing in accordance with the planned schedule. April has gone by without any specific decisions, although some kind of preliminary agreement has been reached for meeting in Moscow this month. Therefore, and in order to prevent the stopping of the project or, at best, to pursue its implementation, the Republic must make decisions on financial support for the project as soon as possible. So far, the burden of financing has been carried exclusively by Makpetrol, and the drying out of funds will have a catastrophic impact not only on the "Gama 800" project but also on the plans of future users, and to the energy and ecological future of Macedonia.

Because of the worsened financing situation, the start of laying urban gas lines in Skopje and Kumanovo has been postponed. It had been planned for the same time as the gas main. This has delayed the planned pace of implementation of the project.

As to the current situation with the main pipeline, at present 170 Russian expert workers are at work on the tracks. Comprehensive mechanization is being applied, and the section between Karadzina Chesma and Kumanovo has been completed, as well as a section of seven or eight kilometers toward Agino Selo. Preparations for laying the pipe are being made between Kumanovo and Kriva Palanka and this month's plan called for advancing by five and, in June, by 10 kilometers toward Skopje, providing that the costs could be met.

The Solution: Stage Financing

The difficulty of financing the gas pipeline is best illustrated by the cost of the project. It amounts to about \$300,000 per kilometer, which means that the laying of the pipeline in May and June (the 15 kilometers planned) will require \$4.5 million. For a number of reasons, founding a joint enterprise by Makpetrol and Gaseksport seems to be the most acceptable solution to those most responsible for the gasification. To begin with, Gaseksport, which would also be a stockholder, would also be the supplier of the gas, so that Macedonia would have a guaranteed supply to be paid for in goods; there would be balancing of the unequal deliveries (winter-summer), and so on, as well as an interest in developing the second phase of the system and connecting it to the neighboring countries. Something that is even more important, should a joint corporation be created, the participation of Gaseksport would mean less stress and easier financing.

According to Kostovski, "If there is a hitch in establishing a joint company, in my view, the solution must be found within the Republic. This project must not be allowed to fail. Therefore, what should we do? I believe that the most suitable solution would be to finance the annual gasification requirements, amounting to about \$15 million. This means that the implementation of the project and its financing would take place in stages. If such funds are procured, the foundation will be laid for more balanced discussions with Gaseksport and we would not be in a situation of expecting 'everything or nothing' from our Russian partner. At the same time, support should come also from the entities in charge of the economic future of Macedonia, and I believe that solutions will be found and that it will not be allowed that a project that, only less than four months ago, had gained full support, should fail because of an interruption in its implementation and the withdrawal of the mechanization facilities by the Russian partners."

Unquestionably, these problems do not exclusively affect the investor of the "Gama 800" project but also future big consumers. Under the pressure of daily problems, they give second priority to preparations for adapting their own equipment. However, it is unquestionable that they too will face the problem of financing in adapting their facilities to the use of natural gas. In any case, from the very start, gasification in the Republic is facing the most terrible problem, financing, that, if unresolved, may unsurprisingly end in a fiasco. This will affect the energy future of Macedonia, which has been discussed for such a long time and, for more than 20 years, has been nothing but a pious wish of enthusiasts. Will the abandonment of the "Gama 800" project indicate that it is not only difficult to become part of Europe but also that without energy and natural gas, once again, and perhaps definitively, Europe would bypass us because of our own doing?

* Transbalkan Transportation, Communications Corridor

93BA1078A Skopje NOVA MAKEDONIJA in
Macedonian 22 May 93 p 15

[Article by Blagoja Janev: "The 'Via Ignacija' Strategy"]

[Text] *The opening of an east-west transportation corridor should be the one of the main objectives of the state, not only because this is required by our situation, but also from the viewpoint of the overall regional opening of the Balkans, Minister Antonio Pesev says.*

Quietly and imperceptibly, under the conditions of constant blockades and restrictions generated by the international community against our northern neighbor, inflicting direct and indirect damages to Macedonia, this country is promoting its new transportation strategy. In virtually all types of transportation—road, rail, and air, and in communications—work is currently being done in the Republic on the megaproject of having a Transbalkan-Balkan east-west transportation corridor. This

project, one that involves almost entirely our closest neighbors Albania and Bulgaria, whose territories are crossed by its track, is also a subject of great interest and efforts to join by their own closest neighbors, Italy and Turkey. It is obvious that it is of tremendous importance not only to the Republic but also to countries in a broader area. On the west, this applies to Western Europe. On the other side, to the countries around the Black Sea, Central Asia, and the Middle and Near East. That is precisely why all activities so far related to this corridor have been most extensively and unreservedly supported both at home and abroad.

Regional Crossroads

Following the recent meetings in Ohrid by the Ministries of Transportation of Macedonia, Albania, and Bulgaria, as well as of the general directors and chairmen of communications companies and organizations of those countries, and of Turkey and Italy, the preparatory activities for the new transportation line in the Balkans, most of which follows the ancient "Via Ignatia" route, have entered one of the final stages prior to the initiation of the study. Actually, this is a key stage, in the course of which the final documents are being drafted on coordinating the views of all those interested in participation in this project, and defining further activities on this level. Subsequently, something that should occur this year, feasibility studies and projects will be drafted and presented to the international financial institutions, many of whom have already shown an interest in investing in this corridor. This means that the state or, more specifically, all the state sectors involved in such activities, from the sectorial ministries, headed by the main ministry in charge of the transportation sector, to the transportation enterprises and institutions, will now have to apply greater pressure and efforts for the implementation of such a great idea as a Transbalkan east-west corridor.

According to Antonio Pesev, minister of urbanization, urban construction, transportation, and ecology, at the present time, bearing in mind all the UN resolutions and the current political situation in the countries affected by such resolutions, the implementation of this project must become the main concern of the state, not only because this is required by the situation but also from the aspect of the overall regional opening of the Balkans. The past few months have indicated that our country could become the center of the Balkans. To accomplish this, we did not need exclusively corridors which cross our land in one direction but also the type of corridors that will make Macedonia the crossroads of the area. Among others, according to Pesev, this corridor, that is of comprehensive significance for us, both political as well as economic, in terms of the contacts we have with the world's financial organizations, has been rated very highly from its economic aspect. Actually, it is a question of a project that, on European territory, will develop a new area that will become part of the overall European integration processes, Pesev stressed.

At the recent Ohrid meeting of the Macedonian, Albanian, and Bulgarian ministers of transportation, very optimistic thinking was expressed also by the other participants. Thus, according to Naycho Neev, the Bulgarian minister of transportation, a project such as the Transbalkan corridor should have already been completed. It is true, according to him, that to a certain extent we have laid railroad tracks and built roads. However, because of political disagreements and the period of darkness, there remain segments of 10, 30 or, in some areas, 50 kilometers that have remained unbuilt. Had it not been for this period of darkness, Neev stressed, today we would not be facing this task. Hence the satisfaction with what is currently being done by the three countries that intend to change this state of isolation. For that reason, Neev mentioned, it has been agreed that however poor we may be, something must be done on this level.

Similar ideas were stressed by the third participant in the discussions, Albanian Minister of Transportation Fatos Bitincka. In his view, the three countries must do everything possible to improve and complete the road and rail infrastructure, telecommunications, and air transportation. Although not rich, all of them could make improvements to complete the corridor and create conditions for uninterrupted flow of people, goods, and information. According to Bitincka, such activities should include Italy and Turkey, countries with major economic potential that could be of great assistance to the three countries.

Linking All Types of Transportation

In terms of the future activities leading to the creation of the transportation corridor, the ministers have already agreed to complete the laying of the highway and railroad infrastructure in each one of the three countries as well as connecting them. Within one month at the latest, a joint proposal must be drafted on the financial requirements with which the international financial institutions will be approached. In terms of finances, the implementation of the Macedonian share of the activities of the transportation corridor, which will also be a significant trade and other connection, it is estimated that the country will need \$280 million for highways and about \$820 million for railroads. These are huge funds that can be procured essentially from foreign sources.

The foundations for reciprocal commitments were laid with the signing of the memorandum of understanding on the building of the Transbalkan telecommunications corridor by the postal services of the five Balkan countries. This document stipulates that by the end of the year or, more specifically, by September, a similar link must be established with the help of microwave equipment linking Albania, Macedonia, and Bulgaria, whose citizens would be the beneficiaries of the initial advantages of this type of international telecommunication links that will lay the foundations for a better business, cultural, and any other type of cooperation. By the end of next year and, at the latest, the end of the first half of

1995, a modern telecommunication network must exist linking the five countries. This project would cost about \$30 million, and the Macedonian share, 400 kilometers long, is assessed at about \$7 million. According to the Macedonian postal service, the funds will be provided by international investors and, among others, also from aid extended by the EC, as well as some still problematic domestic sources.

We have been informed that following the visit of experts from the European Bank of Reconstruction and Development, the air transportation system would be the first to be completed among the corridors that could function in our Republic and our closest neighbors. The sectorial ministry states that opening an air corridor linking Albania, Bulgaria, and Macedonia is practically completed, for activities are under way for investing in flight control equipment in the three countries. In order for this air corridor to function, a corridor that so far has been used for local transportation only among the three countries, Macedonia will need some \$20 million. It is believed that such funds could be repaid in about four years. According to the ministry, this is realistic, for it will include no less than 100 new flights (currently the north-south corridor handles 300 to 400 flights. Before the blockades there were about 600). The price of such transportation by air would be quite high. The creation of this as well as the other individual transportation corridors would unquestionably improve conditions for the faster development of economic, cultural, and other relations among the nations in this area. This is something that has long been needed by the Balkan countries, including Macedonia.

* Lamb Exported to Jordan by Air

93BA1050A Skopje VECER in Macedonian 18 May 93
p 9

[Article by J.P.: "Lamb Is Being Flown to Jordan"]

[Text] Yesterday, one more cargo plane carrying lamb meat took off from Skopje airport for Jordan's capital city. So far, six airplanes carrying 220 tons of lamb and 10 tons of veal have flown from Skopje to Amman. The price of the meat is \$2,300 per ton.

This is a good solution to selling lamb by the Republic to other countries, especially after the imposition of the embargo on the selling of lambs and lamb meat to the members of the European Community, based on the claim that they had contracted glanders and mucositis. The importance of this agreement with the Jordanian company is enhanced by the fact that it will keep ordering meat as long as it has an open line of credit in the bank and as long as Macedonia has lamb for export.

Another important fact, according to Mirko Lekovski, director of the Skopje Stokopromet Export Enterprise, is the resumption of collaboration with the Jordanian company with which business relations, above all in terms of marketing Macedonian live lambs and lamb meat date back to 1952/53 but, for some reasons, had

become "frozen." Now, one more company in Jordan has become interested in our lamb and veal.

The agreement reached between the Macedonian and Jordanian partners stipulates that twice weekly (Mondays and Thursdays) lamb and veal will be shipped to Jordan from Macedonia exclusively in cargo airplanes. No possible less expensive mode of transportation was contemplated because of blocked transportation by land through Turkey by our carriers, as we know, although Turkey had bought meat from Macedonia in the past, it has now accepted the EC resolution.

Serbia

Officials Withdraw Deposits From Jugoskandik

93BA1136D Belgrade BORBA in Serbo-Croatian
9 Jun 93 p 5

[Unattributed report: "Officials Withdraw Money From Jugoskandik"]

[Text] Belgrade—Toma Nikolic, a member of the Serbian Royalist Movement and former head of security for Jugoskandik, will present new details on the fate of savings deposits at the financial organization at a press conference today, together with concrete names of persons who withdrew their savings after the flight of Jezdimir Vasiljevic. We have learned that the list includes several well-known names: the head of the Operations Center of the republic MUP [Ministry of Internal Affairs], the head of the republic brigade of the MUP, the head of the Fifth Administration of State Security, and the chief of security at the Zemun Aviation Academy.

Senta DZVM Head on Moves Toward Local Autonomy

93BA1152C Novi Sad MAGYAR SZO in Hungarian
6 Jun 93 p 4

[Interview with Dr. Alfred Leszmeiszter, president of the Senta branch of the Democratic Association of Hungarians in Vojvodina, by Peter Pertics; place and date not given: "Autonomy Taking Shape; Serbian Socialist Party Statement About Danger to Serbs and Crna Gorans in Zenta (Senta) Absurd"]

[Text] [Pertics] The Zenta branch of the Democratic Association of Hungarians in Vojvodina [VMDK—in Serbo-Croatian: DZVM] was established recently in the framework of the Zenta and Coka district organizations. We asked Dr. Alfred Leszmeiszter, president of the branch, what the tasks awaiting the largest branch of the district organization are, in view of the fact that the local government of Zenta has a VMDK majority.

[Leszmeiszter] The Zenta branch of the VMDK was established on 14 May; that is when we elected the presidium. In our opinion, the activity of the organization safeguarding our interests must be invigorated. One

of the prerequisites for this task is to include the largest possible number of the population in events organized by us. Of course, we consider it to be a prominent task to support the local government. Namely, the body of representatives in Zenta has 29 members, 26 of whom received their mandates as candidates for the VMDK. This means at the same time that here, in Zenta, the prerequisites are present for the implementation of the VMDK's most important goal, the establishment of territorial autonomy.

One of our tasks is to enhance participation in the organization safeguarding the interests of Hungarians in Vojvodina. One must know that within the Zenta and Coka districts, Zenta has the largest number of members in our organization; still, we are not content. Among other things, we miss greater participation by the intelligentsia and young people. This, namely the increase of participation, is not an easy task, because the people still have great fear of the current regime. They undoubtedly support our policy, because in the latest election 80 percent of the population voted for VMDK delegates. However, many people are afraid of public appearance. This is one reason why we consider territorial autonomy to be important, because that would change the situation considerably in this area, as well.

[Pertics] In the territorial autonomy stipulated by the VMDK plan, considering the composition of the population, it is obvious that Zenta plays a very important role. How are you preparing to accomplish these tasks?

[Leszmeiszter] Yes. In the future autonomy, the local government and, of course, the VMDK, will play a role primarily in education and the organization of cultural life and information. In Zenta we endeavored to draw up plans of a high standard in all three areas. Secondary education has considerable traditions in our town. A well-established and well-known network was formed here, which the previous regime succeeded in destroying. For this very reason, we consider the reorganization of a strong center of secondary education to be a primary task, in which we would stress the importance of not only general secondary schools and secondary schools with an emphasis on health care education, economy, and chemistry, but also vocational schools.

Starting from the prerequisites, the following organizations could take and receive a part in the VMDK's autonomy concept: the City Museum and Gallery as the central folklore museum of Vojvodina Hungarians; the city library as the center of the local collection of Hungarians of the Tisza region; the Workers' University as the regional center of public education sponsored not by the state and allowing room for associations, foundations, and other communities; and the House of Culture and an outlying experimental branch of the future Vojvodina Peoples' Theater with a flexible staff which would be renewed and reorganized for every new production.

In the area of information, we are planning to launch a local newspaper and a radio station. In connection with the latter, it is noteworthy that Zenta has already been allotted a frequency in previous years. The very well-organized Tisza-region archives will also receive a considerable role. According to plans, Zenta will also be the center of the reorganized farmers' circles.

[Pertics] In a recent meeting of the Serbian Socialist Party [SSP], the situation of minorities in Vojvodina was discussed. The Zenta SSP representative tried to demonstrate that it is actually not the ethnic minority which is in danger here, but the Serbian and Crna Goran population. What do you think of this?

[Leszmeiszter] The claim by the representative of the Serbian Socialist Party that Serbs and Crna Gorans are in danger is absolute nonsense. It is ridiculous to claim such a thing for various reasons. First of all, the VMDK does not endanger people of other ethnic groups, because it is precisely the VMDK which fights for equal treatment for all, regardless of ethnic origin. Thus, we are not intent on suppressing anyone, on pushing one or more ethnic groups into the minority status which we are in. On the contrary, our goal is to create our own autonomy in order to guarantee our presence, survival, and identity. By doing so, we do not wish to and will not harm anyone.

In my opinion, we are dealing with an intentional instigation of tension on the part of the SSP; as I said, the claims about the dangers to the Serb and Crna Goran population are ridiculous. Unfortunately, one should rather cry than laugh about them.

"In spite of all this, in my opinion, whatever the representatives of the Serbian Socialist Party might say, ethnic conditions in our town are tolerable but are not as they should be, because a certain tension can be felt as a consequence of forceful mobilization and of the population's uncertainty of existence altogether," we heard from Dr. Alfred Leszmeiszter.

Commentary on Barrack Killings by Ethnic Hungarians

*93BA1152B Novi Sad MAGYAR SZO in Hungarian
10 Jun 93 p 1*

[Commentary by Z.N.: "Picture"]

[Text] After the events in the Vranje and later in the Sabac barracks, innumerable questions are swarming in my head.

Why is all this happening? Why are Hungarians the perpetrators and Serbs the victims? Why did the perpetrators commit suicide in both cases? Did they really commit suicide? Is there someone behind the events, and if so, who is it? What does he want to achieve?

As I am trying to fit the pieces of the puzzle together, a confusing picture is spread out before me. Almost simultaneously with the publication of the statement by the Yugoslav Army, some political parties also reacted to the

events. As if they knew what was going to happen, and prior to any examination, they quickly pronounced the sentence: The perpetrators are terrorists; Andras Agoston must be arrested, and the VMDK [Democratic Alliance of Vojvodina Hungarians] must be prohibited, because all of this is a consequence of their politics. First the radicals and the royalists, and then the Socialists found it urgent to speak up. I wonder why?

As I am trying to fit the pieces of the puzzle together, it occurs to me that older pieces could also fit into the picture. A series of scandals and crimes in the staff of officers, the loss of the war, the unprovoked destruction of Vukovar, and then the settling of scores among the conscripts.... Is this an army? No! It should be disbanded, and replaced by a new one, a real one, a...

This is what the picture suggests, and it seems to me that I have heard someone say these words before. Is thus the end predetermined? Because the circumstances are given, the means are sanctified, and it does not matter if a question is asked in the meantime: "What will happen to us? Will the Hungarians shoot us one by one?"

The puzzle is beginning to clear up.

Unfortunately, only the puzzle.

Vojvodina

Swine Epidemic Reported in Vojvodina

93BA1152A Subotica NAPLO in Hungarian
2 Jun 93 p 7

[Article by Istvan Ternovacz: "Swine Fever in Vojvodina!"]

[Text] After Bulgaria, Romania, and Hungary, rump-Yugoslavia also joined the ranks of countries hit by

swine fever. With the observation that sealing the border to pigs and pork products because of the very dangerous infectious disease does not affect us. We have enough problems as it is because of the embargo. At the most, we can be happy that the neighbor's cows (pigs) are also dying [proverb].

In Vojvodina, the first diseased animal was discovered in the small village of Lok close to the estuary of the Tisza River. Unfortunately, we could not learn the exact date, but it is a fact that in May the disease appeared around Ujvidek [Novi Sad], as well. The interesting part of the matter is that among the areas in danger of infection, only in the region of Ujvidek did the competent institutions of veterinary hygiene instruct the veterinary clinics to take the necessary steps. According to the decree, it is forbidden to sell pigs until further notice. Dogs and cats must be kept under lock and key, and in areas especially prone to infection, the free movement of people is also restricted. In the meantime, groups of veterinarians are visiting the villages in danger of infection; they go from house to house, and inoculate and register the animals. Diseased animals are destroyed. The most astonishing fact is that while in the region of Ujvidek a quarantine is in force, in the cooperative of Bezdan, well known for raising pigs, nothing is known about the disease. Moreover, an unlimited number of piglets could be brought in from Serbia through Ujvidek, if they did not cost two German marks per kilogram, in live weight, of course. One can only guess what this secrecy is supposed to achieve. However, it is beyond a doubt that until recently, porkers from Vojvodina have found the back door next to the gate under international supervision.